

ANNUAL REPORT 2018/2019

This Annual Report is drafted in terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

---------- 05/12/2019

MR.S.L. SOKHELA

MUNICIPAL MANAGER

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GLOSSARY

DEFINITIONS	
Accountability documents	Documents used by executive authorities to give "full and regular" reports on the matters under their control to parliament and provincial legislatures as prescribed by the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). This includes plans, budgets, in-year and annual reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). Such a report must include the annual financial statements as submitted to the Auditor General.
Approved Budget	The annual financial statements of a Municipality as audited by the Auditor General and approved by Council.
Baseline	Current level of performance that a Municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided, it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "*what we use to do the work*". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Sets out municipal goals and development plans.

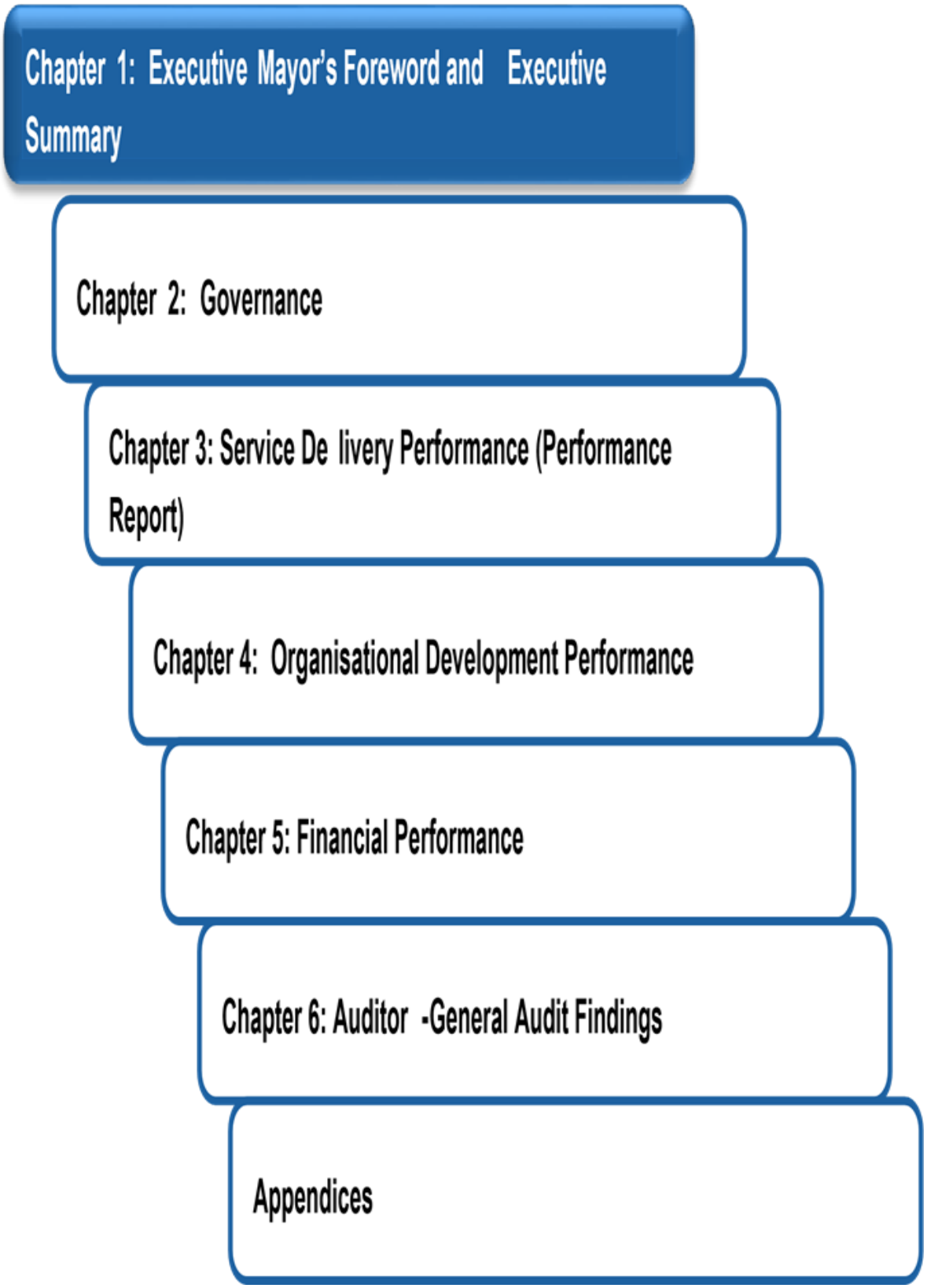
DEFINITIONS	
National Key Performance Areas	• Service delivery and infrastructure; • Economic development; • Municipal transformation and institutional development; • Financial viability and management; and • Good governance and community participation. • Cross cutting
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "*what we produce or deliver*". An output is a concrete achievement
Performance Targets	The level of performance that municipalities and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a Municipality aims to achieve within a given time period.
Service Delivery and Budget Implementation Plan	Detailed plan approved by the mayor for implementing the Municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.

ACRONYMS	
MM	Municipal Manager
DEA	Department of Environmental Affairs
UDM	UMzinyathi District Municipality
DORA	Division of Revenue Act
ECD	Early Childhood Development
EIA	Environmental Impact Assessment

ACRONYMS	
SMT	Senior Management Team
EPWP	Expanded Public Works Programme
FARMCO	Fraud-and-Risk Management Committee
FEIR	Final Environment Impact Report
GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
GV	General Valuation
HIV	Human Immunodeficiency Virus
HR	Human Resources
ICOSA	Independent Civic Organisation of South Africa
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IEM	Integrated Environmental Management
IMFO	Institute of Municipal Finance Officers
INEP	Integrated National Electrification Funding
IRDP	Integrated Residential Development Program
ISAMAO	Institute of Municipal Accounting Officers
IWMP	Integrated Waste Management Plan
KFA	Key Focus Area
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
SDF	Spatial Development Framework

ACRONYMS	
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MSCOA	Municipal Standard of Accounts
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
NQF	National Qualification Framework
NQF	National Qualification Framework
PMS	Performance Management System
PPP	Public Private Partnership
RBIG	Regional Bulk Services Infrastructure Grant
SAHRA	South African Heritage Resources Agency
SALGA	South African Local Government Association
SAN	Storage
SAPS	South African Police Service
SCADA	Supervisory Control and Data Acquisition
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SDLC	Systems Development Life-Cycle
SEDA	Small Enterprise Development Agency
ESMT	Extended Senior Management Team

ACRONYMS	
SO	Strategic Objective
SOP	Standard Operating Procedure
SPCA	Society for the Prevention of Cruelty to Animals
STATSSA	Statistics South Africa
SV	Supplementary Valuation
TASK	Tuned Assessment of Skills and Knowledge
UIF	Unemployment Insurance Fund
UISSP	Upgrade of Informal Settlement Support Programme


Chapter 1: Executive Mayor's Foreword and Executive Summary
Chapter 2: Governance
Chapter 3: Service De livery Performance (Performance Report)
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Chapter 5: Financial Performance
Chapter 6: Auditor -General Audit Findings
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CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD



HER WORSHIP, THE MAYOR CLLR B. P. NGCOBO

1.1 MAYORS FOREWORD

uMsinga Municipality is a home to 180 000 people and boasts of a rich cultural society. uMsinga is one of the four local municipalities under the Umzinyathi district in KwaZulu Natal. As a local Municipality all initiatives are guided and aligned to the National, Provincial and District plans and strategies. In 2017 uMsinga municipal Council reviewed and adopted its Vision which is aligned to the NDP 2030. According to the NDP it aims to reduce poverty by 2030. According to the plan South Africa can realise the goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state and promoting leadership and partnership throughout society. In line with the NDP goals uMsinga Municipality's vision reads:

"Commitment towards corruption free governance, infrastructural development, poverty eradication and supporting local economic development initiatives towards the financial and social emancipation of the uMsinga community"

The Vision, which encapsulates our commitment towards poverty eradication, is aligned to the District Growth and Development strategy, Provincial Growth and Development Strategy and the National Development Plan and seeks to create an enabling environment for growth; development; employment and job creation; enhancing the quality of life of the uMsinga residents; maintaining good corporate governance; and sound financial management.

The Municipality prides itself with having the most intense public participation mechanisms and in 2018/2019 the Municipality continued to ensure public participation through various structures and programmes. The Municipality adopted a Communication strategy which provides a framework for public consultation and public participation. Good governance entails addressing the needs of the public through consultation and communication; and being accountable to the citizens of uMsinga as prescribed by the Municipal Systems Act, 2000 (Act 32 of 2000).

Council undertook a number of processes to achieve this goal, including facilitating ward committee meetings in all 18 wards, enhancing public participation and consultation processes through izimbizos held in every ward, media sessions; holding consultative meetings with a wide range of stakeholders; and rebuilding our municipal website. Through these structures the Municipality gets a platform to report back to the community on projects during the course of implementation and also on challenges that may be hindering those projects. Accountability is enforced through performance contracts and performance

agreements which give rise to performance reports on a quarterly basis. The Performance agreements are signed by the Mayor who ultimately reports on implementation to Council on a quarterly basis in line with the municipal Performance Management System.

As per the Census 2011 data, it is noted that the number of households within the Municipality is 37,724 with 19,999 agricultural households. The average household size is 4.6 with 66.7% of all households are female headed. uMsinga 's unemployment is estimated at 55% of the economically active population. This growth in population is accompanied by various challenges, in particular the ongoing demand for water and alternative energy source especially for those households in the outskirts. Over the past financial year, the Municipality managed to reduce the housing backlog working hand in hand with the department of Human Settlements, the Municipality continues to eradicate the housing backlog. The backlog stated by the Housing Sector Plan is not accurate seeing that the plan is more than five years old which means the actual backlog cannot be quantified. With this in mind the Municipality in 2019/2020 will embark on reviewing the HSP to get an accurate picture of the backlog while continuing with the Department of Human Settlements in providing new housing.

The Municipality embarked on a number of infrastructure projects with an intention to envisioned accelerated growth. These projects are only possible through strategic partnerships with other spheres of government, the private sector and the community of uMsinga. The Municipality remains indebted to the Department of Transport for the construction of the two-way bridge in Tugela Ferry which on completion, will enable traffic flow and assist in alleviating the traffic congestion in Tugela Ferry.

The Department understands that an investment into the infrastructure is paramount in attracting investors. Amongst the various projects in the year under review, of note is the Kopi widening. I would like to extend my appreciation to the community for their patience, Kopi upgrading has been a multimillion and multiyear project and on completion will ease traffic and make uMsinga much more accessible.

The Municipality has over the years embarked on a number of infrastructural projects, including access roads construction and has successfully constructed a number of community facilities over the years. In 2018/2019 a total of 18 community halls, 09 creches and 06 classrooms were successfully constructed. Job creation is at the core of local government and in line with outcome 4 which talks to decent employment and inclusive economic growth the Municipality has given job opportunities to about 1000 women responsible for road maintenance. uMsinga community is dominated by women and the majority of households are led by women, thus the labour-intensive projects such as Siyazenzela road maintenance are geared towards the employment of women in all 18 wards. The Municipality utilizes its EPWP grant towards this goal as well as its own equitable share funding.

If we want to successfully participate in the global economy, we have to be ready to converse at the platforms the fourth industrial revolution brings, to this end uMsinga Municipality is pleased to announce that together with the Department of Education have established a new Cwaka FET college. Having this institution means the Municipality can develop people with industry expertise who need to be proficient in digital or problem-solving skills. If educational institutions, employers and employees can imagine and refine a solution together, continuous uptraining could become a crucial tool to help individuals adapt to relentless change. We are about reinventing the future of work, and that initiative is not only a responsibility for us as government but for all of us, the private sector should also come on board. We are pleased to announce that an ICT centre will be established in Pomeroy with an intention of ensuring that our youth is computationally literate. The intention is to shape our youth to be more efficient and employable in automated technological world.

2018/2019 has been a rather challenging year where we unfortunately lost a valuable member of the Executive Council, Councillor MPS Mshibe who was the ward Councillor for ward 02. I would like to express my heartfelt condolences to his family and the community of ward 02. In the same breath, I wish to thank the community of ward 02 for peacefully conducting the by-elections and welcoming their brand-new ward Councillor, Councillor Thenjiwe Mbatha. I trust that you will show her the support and adoration that you showed to the honourable late Councillor Mshibe, may He rest in eternal POWER.

The Batho Pele principles as well as the Municipal Systems Act, 32 (Act 32 of 2000) section 46 (1) prescribe that the community deserves “Redress” to be informed of the services that were promised but not rendered and the reasons for variance as well as measures taken to ensure performance improvement. In line with the above pieces of legislation, the Municipality identified slow progress on electricity projects at Phalafini and Douglas, these projects were not started on time due to financial constraints however it is encouraging to see that in 2019/2020 these projects have been prioritized and budgeted for. Another delay on the electrification projects resulted from Eskom taking long to energise completed connections, to this end the Municipality has decided to continue strengthening relationships with Eskom and other relevant stakeholders so as to improve performance.

Another cause for concern from the year under review has been the water projects that are implemented by Umzinyathi district within uMsinga municipal area, these have led to a lot of protest and community unrest. There have been road blockages at Keates Drift and other areas. The Municipality continues to sit in the intergovernmental meetings (IGR) to represent the needs and to Fastrack the provision of basic services and continues to ensure that communities are involved in the local government matters. The community of Pomeroy also voiced their concerns over the Pomeroy Mall that had been approved by the Municipality ages ago but to this day nothing has happened. There have been several community meetings called with the Pomeroy Mall developers (Dewaning), with the informal traders and taxi owners to inform the community of the progress on the Pomeroy Mall project.

I would like to express my heartfelt gratitude to my fellow Councillors, Deputy Mayor, Speaker, Exco members, Directors and the members of staff for their hard work and commitment. We wish to thank Amakhosi, Government Departments, the Business Community, uMsinga Residents and all the stakeholders who have contributed to making our Municipality a better place to reside in. Whilst there have been notable successes to date, there is also acknowledgement that new and innovative ways need to be explored to bring about growth and development necessary to create employment and a better place to live in. Lastly, I would like to extend my sincere appreciation to the community at large, NGOs, Religious leaders, IEC, for the successful and peaceful elections in May 2019.00

CLLR B.P. NGCOBO

HER WORSHIP THE MAYOR

MUNICIPAL MANAGER'S OVERVIEW



THE MUNICIPAL MANAGER: MR S.L. SOKHELA

1.2 MUNICIPAL MANAGER'S FOREWORD

uMsinga Municipality is a Category B Municipality with powers and functions assigned in terms of Sections 155 and 156 of the Constitution of the Republic of South Africa, 1996 (local government matters referred to in Schedules 4 and 5). These powers and functions are exercised subject to Chapter 5 of the Municipal Structures Act, 117 of 1998 and Chapter 3 of the Local Government Municipal Systems Act, 32 of 2000. The Municipality covers an area of 1,539 km² and consists of 18 wards. There are a number of natural and man-made phenomenon's that have shaped and continue to shape the uMsinga Municipality. uMsinga Municipality's population is relatively dispersed and where services exist, they are concentrated along the main road (R33), water sources such as the Tugela and Mooi River. The main towns are Pomeroy, Keates Drift and Tugela Ferry.

In line with the municipal vision to achieve corruption free governance, The Municipality has adopted a zero-tolerance stance to all forms of corruption, fraud and maladministration and has established numerous measures to prevent fraud and corruption in the Municipality through oversight structures. These include the oversight structures such as the Municipal Public Accounts Committee (MPAC), Risk Management & Fraud Committee, an Internal Audit, an Independent Audit Committee (AC) and a Performance Audit Committee (PAC). These committees met quarterly in 2018/2019 fiscal year with an intention to perform their oversight responsibilities on non-financial and financial management and the overall integrity of the Municipality.

Other challenges faced by the Municipality include rampant illegal buildings, that tarnish the image of the Municipality and undermine the spatial vision of the Municipality despite our efforts to ensure proper Spatial Planning. The Municipality has mitigated such problems by employing technical expertise to uphold the Planning legislations as well as ensure enforcement. The Municipality established a new Traffic Unit housed in the Department of Community Services; the Traffic unit is not fully functional at present. The Municipality is awaiting approval from the Department of Transport.

I'm pleased to report that as the Municipality we were invited by our counterparts in Sweden to showcase uMsinga's talent and crafts at their exhibition in Sweden in august 2018. The nature of the invite also meant forging a long term mutually beneficial relationship between the two. The Municipality's investment in the Local economic Development component has raised confidence in the Municipality's ability to create job opportunities through the Arts and Crafts. This presents an excellent opportunity to learn from

our Swedish counterparts and venture into the business of exporting crafts, and possibly more in the near future. Another accolade came from the Abor city Award, the Municipality was awarded an amount of R100 000.00 for the greening of cities (Keates Drift, Tugela Ferry and Pomeroy).

Another successful initiative in LED has been in hosting an empowerment workshops to advance local entrepreneurs. The Business Indaba was hosted by the Municipality in collaboration with Ithala at UMphelankani in ward 04 in June 2019 with an intention to give uMsinga SMMEs an opportunity to showcase their work, to be empowered by the reputable businessmen who presented, demonstrations and partnerships with big business and to contribute meaningfully in the Local Economic Development. We acknowledge the role of Provincial and National government and regularly engage on platforms to share information and best practices. These platforms include but are not limited to SALGA, IMFO, Premiers Coordinating Forum and Municipal Managers Forum. The Municipality also participates in District IGR structures namely the Mayors Forum, Speakers forum, the MMs Forum, and other senior managers forum which are hosted at uMzinyathi District Municipality in Dundee.

There have been significant changes in the municipal administration during the previous year 2017/2018, the year of comparison. A new Municipal Manager was appointed to act as from the beginning of February 2018 and the final appointment was made in July 2018. Three new Directors respectively for Corporate Services, Community Services and Chief Financial Officer were also appointed in the last quarter of 2017/2018 and started working in July and August 2018. The beginning of 2018/2019 brought a lot of changes on the municipal structure and resulted in a new Department being formed, Development Planning services with a sole purpose to ensure local economic development and planning. The HOD for the Development Planning services and the HOD for Technical services were vacant at the beginning of 2018/2019 fiscal year. We started the year with 60% vacancy rate and closed the year 2018/2019 at 100% on critical vacancies filled.

This Annual Report which is guided by values of transparency, excellence, responsiveness, accountability, accessibility and integrity is hereby presented the various key service delivery improvements achieved during the year under review are a result of good planning and execution. Numerous important projects were completed which inter alia covered roads and electricity connections. These are providing thousands of uMsinga residents with improved basic services, setting the tone for future economic growth and development. The Municipality's strategic planning was also supported by risk management. The following top five risks were identified:

- Failure or inability to maintain and manage assets;
- Failure to manage and mitigate the impact of adverse environmental, social, economic and other local, national and global conditions;
- Inability to meet the human settlement demands;

- Inability to manage illegal actions; and
- Inadequate human resource management.

The overall financial performance of the Municipality in 2018/2019 confirms sound financial management, with the revenue steadily increasing year on year in line with the annual target. (As depicted in the AFS attached) Overall, uMsinga Municipality remains focussed on fulfilling its vision and commitment to its residents and business community on all service delivery fronts. uMsinga Municipality has most targets set out in uMsinga Municipal Integrated Development Plan Review as adopted 27th May 2018, SDBIP Top Layer (organisational scorecard) and the Municipal Performance Plans. Through various public participation process uMsinga citizens have been kept abreast and culminated their concerns and suggestions into municipal strategic operations. Council has been able to set its Annual Performance Plans, linked to individual performance agreements with realistic, measurable targets. These have been assessed and amended on a quarterly basis in line with the resources to ensure that alignment with IDP and Budget is attained. The Municipality has successfully achieved most of its infrastructure targets in the year 2018/2019. Where underperformance was noted, steps have been put in place to ensure performance improvement.

The Municipality has successfully transitioned from hard copy to completely electronic Council agendas. The Municipality rolled out Laptops and Tablets to all Councillors as part of their tools of trade. This was an initiative inspired by the Municipality's need to go all paperless and be kinder to the environment. It was also in line with the cost containment resolutions taken by Council to cut down on printing cost. The Municipality has successfully implemented budget practices in-line with the Municipal Standard Charts of Accounts (MSCOA). The Municipality is transacting on MSCOA however there still some teething challenges with the system vendor MUNSOFT which are closely monitored. All our suppliers were paid within 30 days (unless there were queries related to SARS instructions and incorrect invoicing). The Municipality collected indigent data during the year 2018/2019 and a new indigent register is now in place to enable the Municipality to administer its Free Basic Service.

The Municipality ensures accountability and improved governance; this has seen the Municipality moving from a qualified audit opinion in 2016/2017 to an unqualified audit opinion in 2017/2018 fiscal year. In ensuring that the Municipality addressed the AG concerns the Municipality developed an action plan with an intention to closely monitor all the findings that were highlighted by the Auditor General. The action plan as at 30 June is sitting at 90% achieved. I would like to express my sincere gratitude to the Political leadership and the Council of the Municipality and to my wonderful staff members who have worked tirelessly to ensure the smooth operation of the Municipality.

MR SENZO L. SOKHELA
MUNICIPAL MANAGER

1.3 MUNICIPAL OVERVIEW

1.3.1 INTRODUCTION

The Annual Performance Report is hereby submitted to the uMsinga Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2018 to 30 June 2019 and focuses on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP) for the year under review. This report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2018/2019 fiscal year.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area. Each Municipal Key Performance Area (KPA) has a number of focus areas which had been deliberately designed by the uMsinga Municipality to focus its development initiatives in an attempt to achieve the desired future as enshrined in the IDP.

This report is structured to present to Council with regards to Municipality's performance in terms of the six

(6) National Government's Strategic Key Performance Areas for local government, which are:

(1) Basic Service Delivery;

(2) Local Economic Development

(3) Municipal Institutional Transformation and Development;

(4) Municipal Financial Viability and Management,

(5) Good Governance and Public Participation, and

(6) Cross cutting measures

The report emanates from the municipal organizational scorecard and performance is measured based on the targets set and agreed upon at the beginning of the year.

1.3.2 LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 32 (Act 32 of 2000); which stipulates as follows:

(1) Municipality must prepare for each financial year a performance report reflecting—

a) the performance of the Municipality and each external service provider during that financial year;
b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
c) measures taken to improve performance.

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the municipal entities.

1.3.3 PERFORMANCE MANAGEMENT OVERVIEW AND PROCESS

In order to improve on performance planning, implementation, measurement and reporting, the Municipality implemented the following actions; Departmental Scorecards (operational plans) were developed for monitoring and reporting operational programmes; these emanate from the performance plans signed by HODs at the beginning of the financial year.

A manual performance management system is operational within the Municipality. The same system forms the basis of performance evaluations of the HODs i.e. s.56 Managers reporting directly to Municipal Manager. The Municipality endeavoured during the development of the Top Layer Service Delivery and Budget Implementation Plan (SDBIP) as well as with the development of the Departmental scorecards that inform the SDBIP that the "SMART" principle be adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making it measurable.

The uMsinga Integrated Development Plan (IDP) was developed for 2017-2022 as the strategic document that informs all operations at a municipal level. As the Municipal Systems Act section 28 and 32 allows, uMsinga IDP has been reviewed for 2019/2020 and adopted by Council. It remains the primary document that informs all plans of the Municipality. The IDP review process facilitates the process of monitoring, reviewing, and reporting on the performance indicators and provides for an opportunity for public participation in line with the IDP structures.

1.3.4 LEGISLATIVE ANNUAL PERFORMANCE REPORT 2018-2019

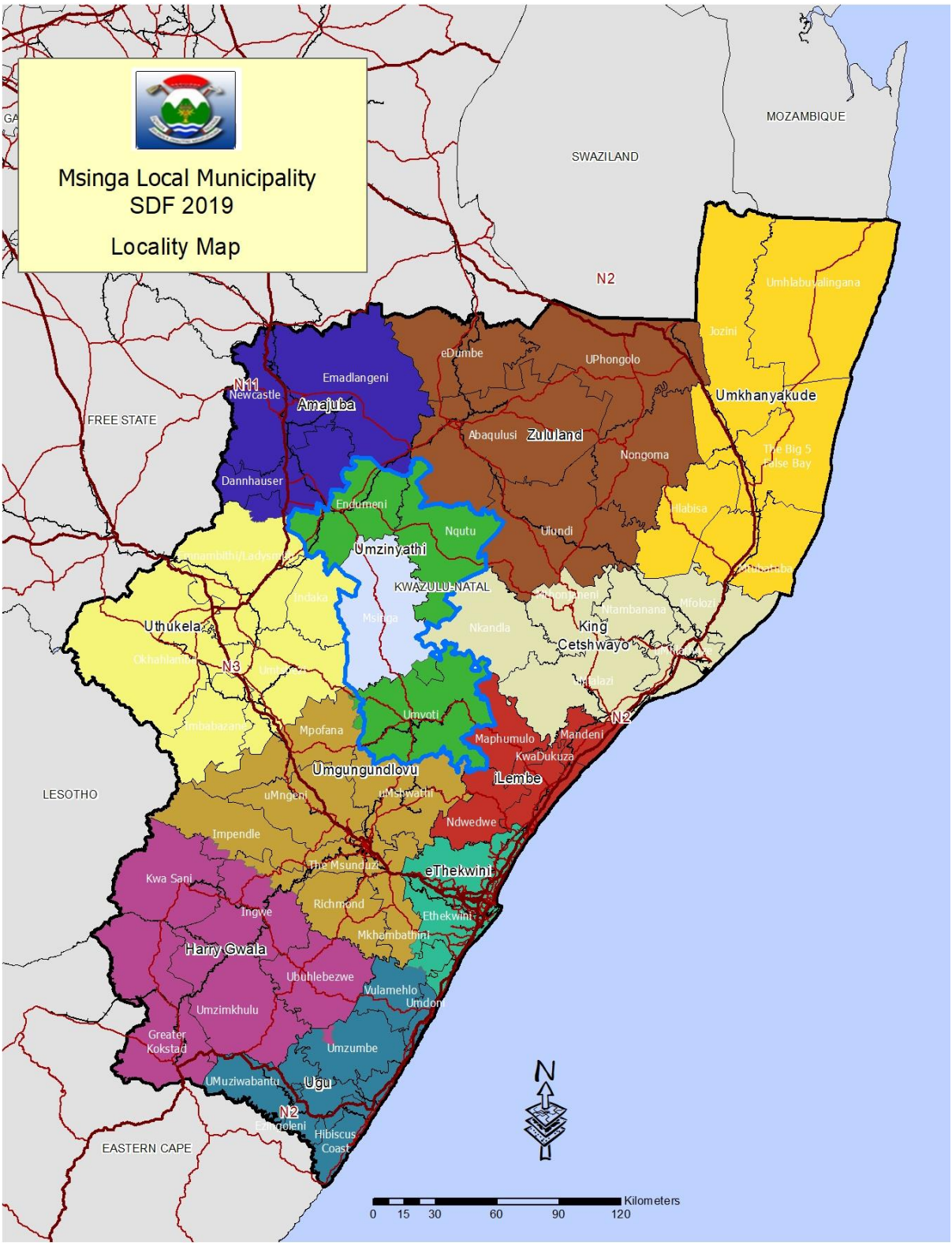
This report is influenced by these legislated reports and structures:

PMS Structures & reports	Performance Management System Checklist:	Status
All MSA s57/56 Performance contracts & Performance agreements.	Were signed in July 2018 completed and submitted to DCOGTA by August 2018 new recruits signed in June 2019	✓
The Municipal Performance Management Framework.	Reviewed and adopted 28 May 2019	✓
Municipal Public Accounts Committee (MPAC)	In place	✓
Annual Reporting	In place 2017/2018	✓
Quarterly Performance Reporting to Council	In place	✓
Audit Committee & Performance Audit Committee	In place since April 2018 In place since April 2018	✓
Performance evaluation Committee	In place	✓

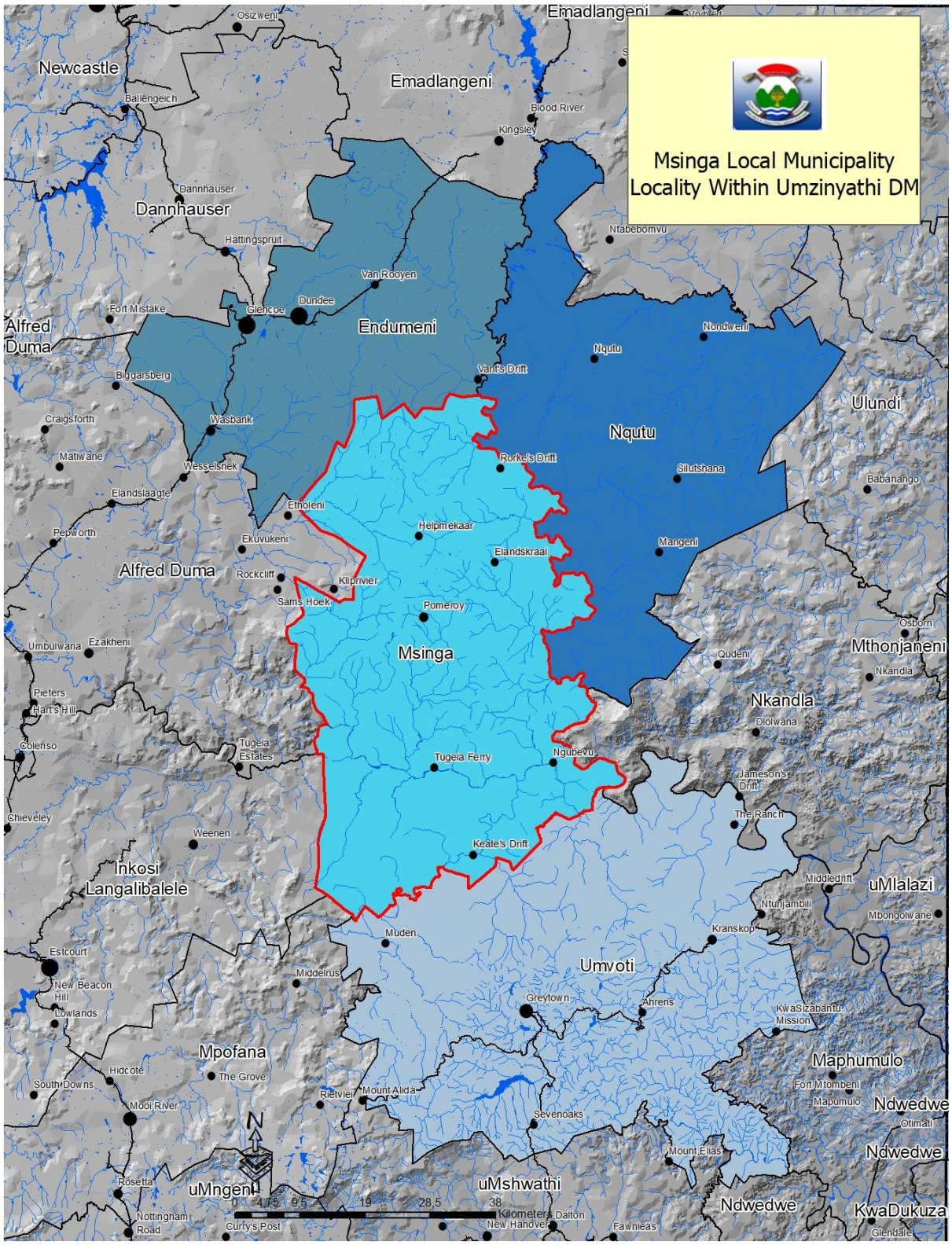
1.3.5 SPATIAL ANALYSIS:

1.3.5.1 REGIONAL CONTEXT

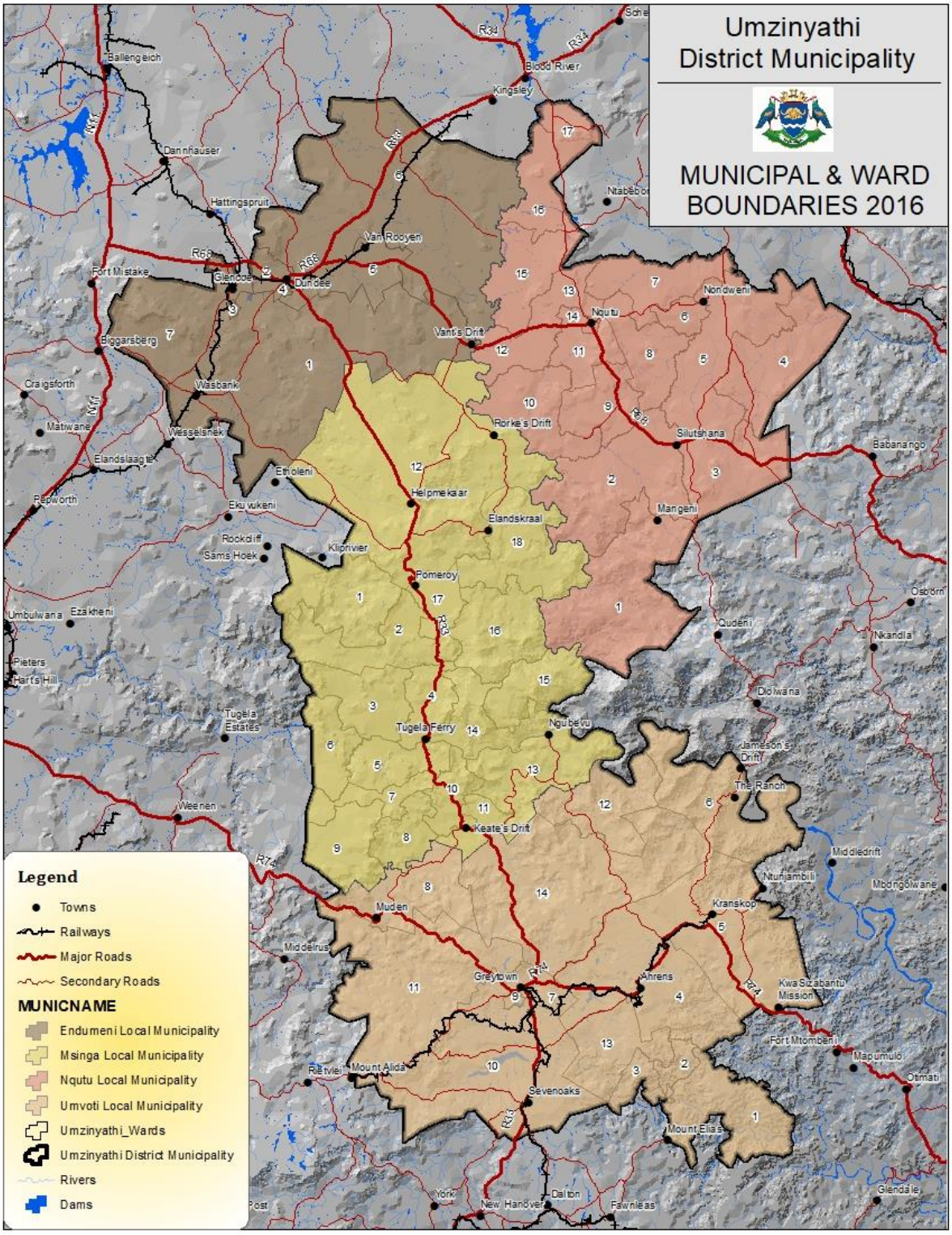
uMsinga Municipality is a local (Category B) Municipality established in December 2000 as one of the four local municipalities constituting the uMzinyathi District Municipality in the northern part of the province of KwaZulu-Natal and the Municipality is seated in the town of Tugela Ferry. The Municipality consist of three towns namely Tugela Ferry, Keats Drift and Pomeroy. The uMsinga Municipality is illustrated by a map attached below as figure 5: National Locality in the south western part of the district Municipality area, and shares its boundaries with the Nqutu, Nkandla and Umvoti.



MAP 1: MSINGA MUNICIPALITY LOCALITY WITHIN KZN



MAP 2: MSINGA MUNICIPALITY LOCALITY WITHIN UMZINYATHI DISTRICT MUNICIPALITY



MAP 3: WARD BOUNDARIES WITHIN UMSINGA MUNICIPALITY

The table below reflects the eighteen (18) wards that make up uMsinga Municipality.

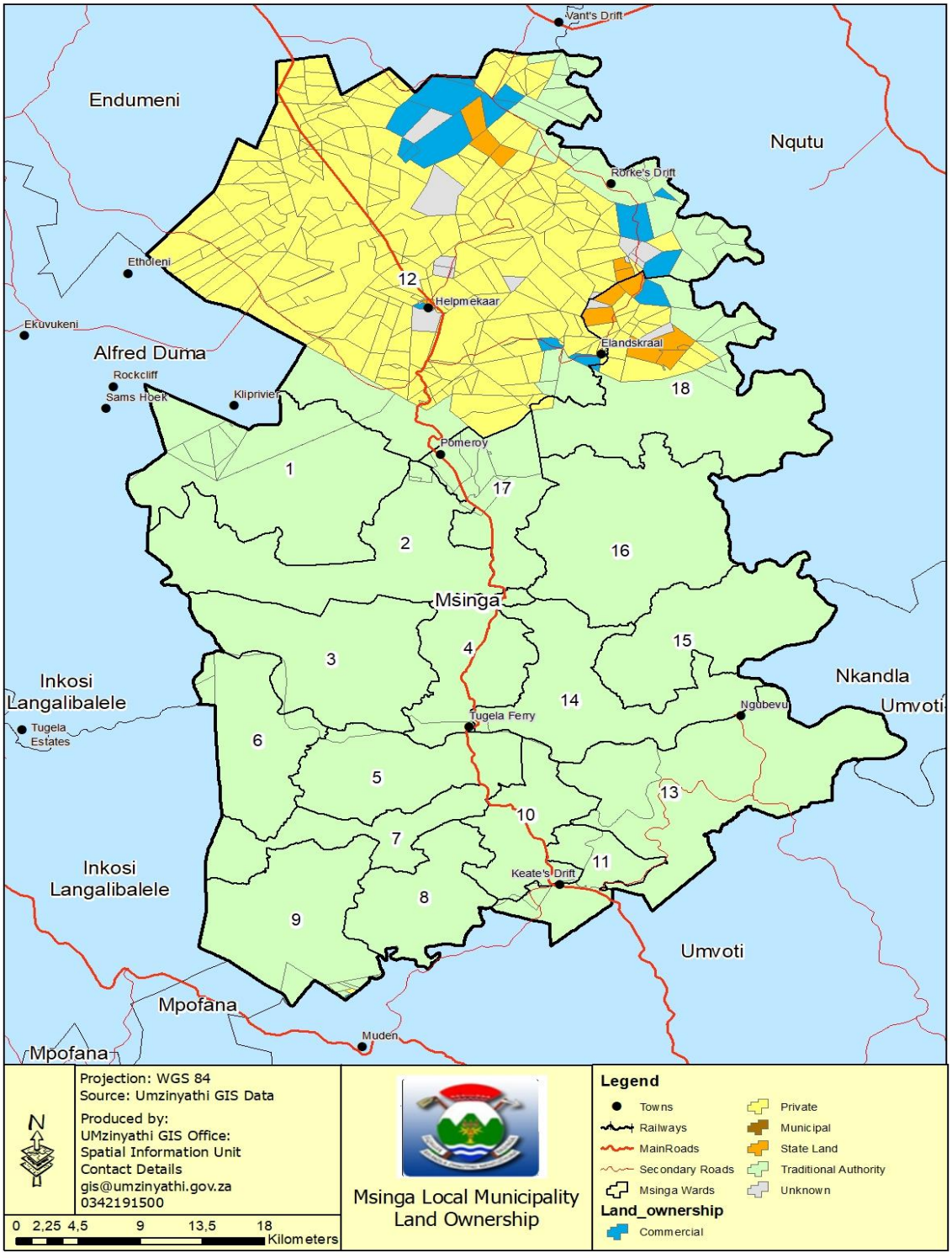
WARD	GENERAL	AREAS WITHIN WARD
WARD 1	Councillor: K. Sithole Population: 4551 Extent:153.24 km²	Douglas, Dumbe, Nhlanhleni, Mpompolwane, Ntanyazulu, Mkhuzeni, Mpondweni, Nzimane,
WARD 2	Councillor. B. Mbatha Population:4131 Extent:126.64 km²	Bhaza, Gobho, Ntuli, Gunjana, Ngubule, Macanco, Ngabayena, Nkamba, Matshematshe, Mzweni,
WARD 3	Councilor: J.V. Langa Population: 4028 Extent: 115.00 km²	Phalafini, Mambeni, Ngubo, Ncengeni, Esijozini,
WARD 4	Councilor: M.W. Sokhela Population:4399 Extent: 66.37 km²	Mabizela, Sikhaleni, Sampofu, Enyandu, KwaNtonga/Nkandla
WARD 5	Councilor: L.E Danisa Population:3721 Extent: 346.67 km²	Mbabane, KwaMathonsi, Malomeni
WARD 6	Councilor: P. Dladla Population: 4050 Extent: 72.83 km²	Mnqamukantaba, Mathinta, Mduna, Jolwayo, Mashunka, Guqa
WARD 7	Councilor: M. Sithole Population: 4489 Extent: 62.46 km²	Mhlangana, eNhlalakahle, Embangweni
WARD 8	Councilor: B. Dumakude Population: 4018	Kwantabadini, iNhlonze, Ekuvukeni, Ntabakayishi, Nkonyane, Nxamalala, Mandulaneni

	Extent: 65.71 km²	
WARD 9	Councilor: M.S. Khoza Population: 3385 Extent: 91.10 km²	eSinyameni, Sinyama, Ntababomvu, Ophathe, Gujini,
WARD 10	Councilor: S. Magubane Population: 3928 Extent:48.17 km²	Dungamanzi, KwaKopi, Fabeni, Ethembeni/Gudwini
WARD 11	Councilor: L.B Ntuli Population: 3955 Extent: 41.40 km²	Othulini lweZulu, Mawozini, Latha
WARD 12	Councilor: B.P Ngcobo Population: 3754 Extent: 125.85 km²	KwaDolo, Nqoleni, Nzalo, KwaMazongwane, Phakwe/Nodlozi
WARD 13	Councilor: D.M. Ndlovu Population: 3503 Extent: 163.45 km²	Nhlesi, Mkhupula, Ndaya, Nhlonga, Latha
WARD 14	Councilor: S.G. Masimula Population: 3573 Extent: 72.19 km²	Othame, Tugela Ferry, Gxobanyawo, Ezingulubeni, Mbhono,
WARD 15	Councilor: Myeza Population: 3570 Extent: 94.92 km²	Nqabeni, Hholwane, Othame, Ngubevu
WARD 16	Councilor: T.L. Kunene	Esifuleni, Mngeni, Gqohi, Ngubukazi, Gxutshaneni

	Population: 3769 Extent: 169.26 km²	
WARD 17	Councilor: N. Majozi Population: 4258 Extent: 63.49 km²	Pomeroy, Gabela, Makhasane, Mbindolo, Makhankane, Ngubukazi
WARD 18	Councilor: T.M. Mabaso Population: 3681 Extent:177.35 km²	Emthaleni, Woza, Mahlaba, Mazabeko, Embidlini, Mbizimbelwe

1.3.5.2 ADMINISTRATIVE ENTITIES AND LAND OWNERSHIP

uMsinga Municipality has 18 wards as illustrated in the Land ownership map below. Nine wards are held in trust under Ingonyama Trust Board, 8 wards are state land while about half the land in ward 19 is privately owned. A pocket of state-owned land occurs in ward 12, 17, 18 and ward 11. It is clear that the Municipality is split into two larger distinct land ownership areas, with the southern part of the Municipality falling mostly under the ownership of the Ingonyama Trust Board, with the northern part falling under various types of ownership.



MAP 4: MSINGA MUNICIPALITY LAND OWNERSHIP

1.3.5.3 DEMOGRAPHIC INDICATORS

1.3.5.3.1 Key findings (including Trends)

In 2011 the total population is estimated to be 177 577, in 2001, the estimated population was 168 000, a 0% increase from 2001. The population growth between 1996 and 2001 was 4.20%. The 2007 data indicated that the figures dropped to 161 894 people with a total of 32 592 households. The Municipality accounts for a third of the uMzinyathi DM's population. The decline in population can be caused by a number of reasons as follows:

- An over-count in the 2001 Census of population;
- An under-count in the 2007 Neighbourhood survey;
- A net out-migration of residents in search of work in the major urban centres of the country; and
- The impact of deaths caused by HIV/Aids.

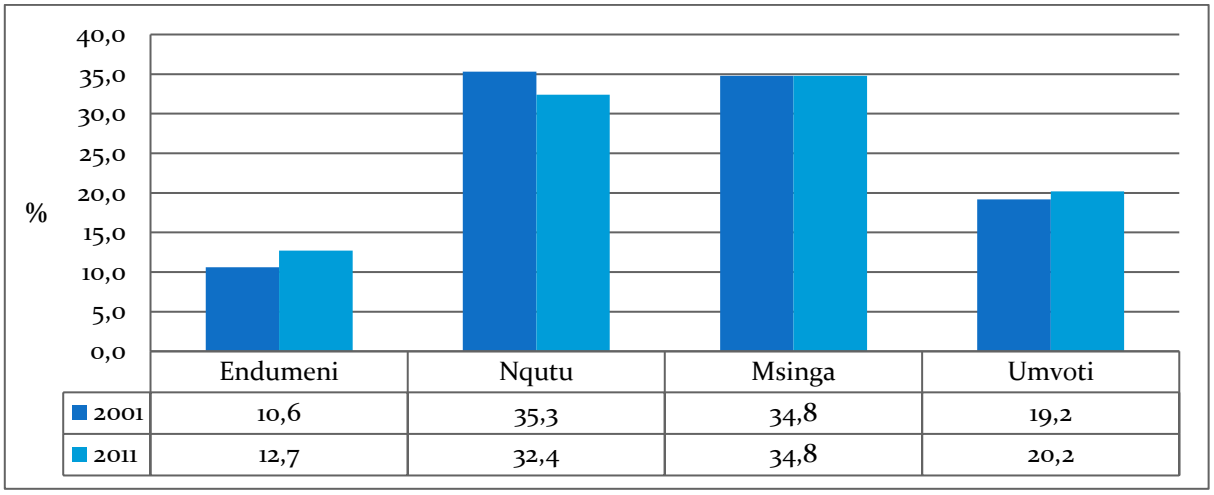


FIGURE 1: DISTRICT POPULATION STASSA 2011

Municipality	Census 2011			CS 2016		
	N	%	Household	N	%	Household
Endumeni	64 862	12.7	16,852	76639	13.8	21134
Nqutu	165 307	32.4	31,613	171325	30.9	32622
uMsinga	**177 577**	**34.8**	**37,723**	**184494**	**33.3**	**38372**
UMvoti	103 093	20.2	27,282	122423	22.1	34664
Umzinyathi	**510 838**	**100**	**113,470**	**554 882**	**100**	**126791**

TABLE 1: DISTRICT POPULATION STASSA 2016

The population of UMsinga equates to a population density of 68 people per square kilometre and the population is largely concentrated around the towns of Tugela Ferry (including UMsinga Top area),

Keates Drift and Pomeroy. Other significant settlement areas are located along the eastern boundary of the Municipality known as the Mkhuphula node, western boundary known as the Mashunka/ Nhlalakahle node and to the north eastern boundary known as the Mazabeko node. The gender structure of the uMsinga LM is significantly female dominated in the age categories of 25 years and older. Conversely, the population younger than 19 years of age is however somewhat male dominated. The high unemployment rate resulting from a lack of economic activities and the limited economic base of the Municipality results in many male household members leaving the Municipality in search of employment and income generating activities in other areas. Although the impact of HIV/Aids on the population structure is not quantified at municipal level, it can be expected that the influence of HIV/Aids in the stagnant demographic structures for 2011 has been an important contributing factor.

1.3.5.3.2 Population Growth Expectations

Population and household growth is one element that determines the long-term demand for goods and services. Based on historical population figures from 1995 to 2010, a trend analysis was done for the uMsinga Municipality by the uMzinyathi District. Accordingly, curves were fitted to the data and were selected based on the best correlation coefficient that could be determined through the least squared method. The following polynomial expression were determined and used to project population figures up to 2025 for the Municipality.

Local Municipality	Growth Expression	R – squared value
uMsinga	y = 0.0893x3 - 86.812x2 + 1677.6x + 160892	0.8976

TABLE 2: GROWTH EXPRESSION

This equation that was calculated was then used to project historical data as shown in the next graph based on the population projections below.

LM	1995	2005	2012	2013	2014	2015	2020	2025
uMsinga	162 697	169 691	163 483	162 040	160 434	158 665	147 394	132 132

TABLE 3: POPULATION PROJECTIONS

1.3.5.3.3 Gender Profile

The trend emanating shows that there are more females and more elderly women. From the age 20, men are halved perhaps due to economic opportunities and death. There is population largely under the age of 5 which puts a need for educational facilities, tertiary institutions and social facilities. As a forward planning mechanism, the Municipality needs to plan for the provision of tertiary institutions.

According to STATSSA's Community Survey (2007), 57.2% of the population of uMsinga are female, while 42.8% male. The high percentage of male absenteeism in the employment age group 20 to 64 years could be considered to be an indication of a weak economy, as men have always been expected to leave the area to seek employment as there are limited employment opportunities in uMsinga. The erosion of the population in the economically active age categories (specifically between 25 and 35 years of age) implies that the district is losing part of its population which is normally regarded as the segment of the population making a significant contribution to the local economy.

Broad Age	DC24: Umzinyathi	KZN241: Endumeni	KZN242: Nqutu	KZN244: Msinga	KZN245: UMvoti
0–14 (Children	38	30	40	**42**	34
15–34 (Youth)	40	45	39	**38**	42
35–64 (Adults)	15	18	13	**14**	17
65+ (Elderly)	7	7	7	**7**	7
Total	100	100	100	**100**	100

TABLE 4: UMZINYATHI BY BROAD AGE (PERCENTAGE)CS 2016 (STATS SA)

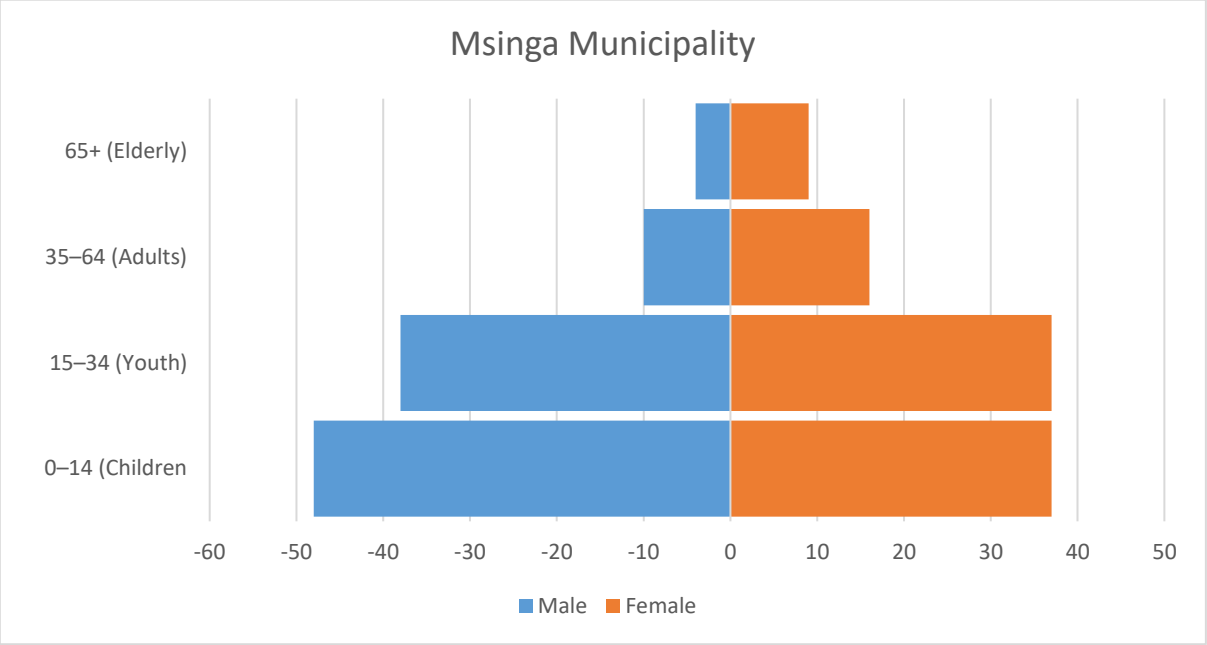


FIGURE 2: MSINGA MALE/FEMALE AGE GROUPS CS 2016 STATS SA

As can be seen from the table below, the majority of the population (48.7%) are located in the 15 to 64-year age cohort, followed closely by 44.6% of the population in the 0 – 14 years' age cohort. The STATSSA information indicates that the average age in the Municipality is 24 years and that there is a very high dependency ratio.

	DC24: Umzinyathi		KZN241: Endumeni		KZN242: Nqutu		KZN244: uMsinga		KZN245: UMvoti	
Broad Ages	Male	Female	Male	Female	Male	Female	**Male**	**Female**	Male	Female
0–14 (Children	42	35	30	30	45	37	**48**	**37**	37	31
15–34 (Youth)	42	39	50	40	41	38	**38**	**37**	45	40
35–64 (Adults)	12	17	16	21	11	16	**10**	**16**	13	19
65+ (Elderly)	4	9	5	9	4	9	**4**	**9**	5	10
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

TABLE 5: UMZINYATHI POPULATION BY MUNICIPALITIES BY SEX BY BROAD AGE CS 2016 (STATS SA)

Household growth was projected in the same way as population. As per the uMzinyathi SDF, the household growth expressions for each Municipality [derived from the historical data], is shown below:

LM	1995	2005	2012	2013	2014	2015	2020	2025
UMSINGA	29 858	34 640	33 481	33 013	32 469	31 849	27 614	21 485

TABLE 6: ESTIMATED AND PROJECTED NUMBER OF HOUSEHOLDS

Household size is an important indicator for the demand for services since the number of people in a household determines consumption demand for water, electricity, and waste disposal. As per the Census 2011 data, it is noted that the number of households within the Municipality is 37,724 with 19,999 agricultural households. The average household size is 4.6 with 66.7% of all households are female headed.

The estimates shown in the table below was derived from the population and households estimates in the previous sections sourced from the uMzinyathi SDF. Household sizes are relatively high but it is not exceptional for a rural environment. All estimates show a small increase in household sizes. This is based on the assumption that there are no structural changes in the population. However, should the higher levels of migration materialize; it might imply that they absorb more males, which are not necessarily attached to an existing household. This implies more single-person households, which might then lower the average household size. The increase is however material to any spatial planning.

LM	2012	2013	2014	2015	2020	2025
UMsinga	4.88	4.91	4.94	4.98	5.34	6.15

TABLE 7: HOUSEHOLD SIZE WITH PROJECTIONS

Municipality	Census 2011			Community Survey 2016		
	Head of household by age 10 – 14	Head of household by age 15 – 19	Total	Head of household by age 10 – 14	Head of household by age 15 – 19	Total
DC24: UMzinyathi	504	2310	2814	658	5987	6645
KZN241: Endumeni	36	219	255	14	576	590
KZN242: Nqutu	153	672	825	113	1266	1379
KZN244: uMsinga	**213**	**846**	**1059**	**199**	**2255**	**2454**
KZN245: UMvoti	102	573	675	331	1891	2222

TABLE 8: CHILD HEADED HOUSEHOLD CS 2016 (STATS SA)

1.3.5.3.4 Migration

Migration plays an important role in understanding how an area functions in terms of beneficiaries to program and facilities as well as employment and settlement profiles.

LM	WESTERN CAPE	EASTERN CAPE	NORTHERN CAPE	FREE STATE	KWAZULU NATAL	NORTH WEST	GAUTENG	MPUMALANGA	LIMPOPO	OUTSIDE SOUTH AFRICA	UNKNOWN	GRAND TOTAL
uMsinga	10	22	21	10	176 065	1	173	30	14	165	2	177 577

TABLE 9: PLACE OF PREVIOUS RESIDENCE [WITHIN SOUTH AFRICA]

1.3.5.3.5 Education Levels and Facilities

The distribution of level of education confirms the broad socio-economic patterns in the municipal area. The next table summarises education levels. Table below indicates levels of education within the Municipality,

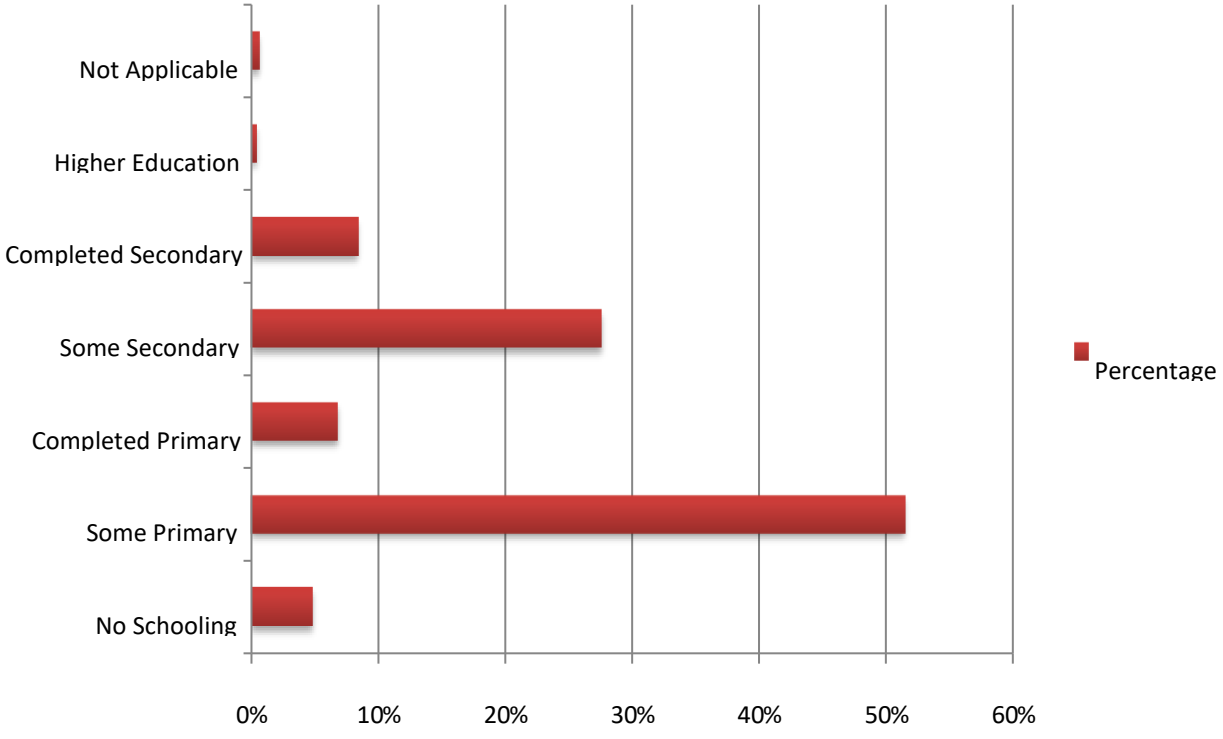


FIGURE 3: HIGHEST LEVEL OF EDUCATION

Out of the number of the people surveyed; few residents indicated that they have any form of higher education. This reinforces the assumption that once people leave the Municipality to do further studies,

they very rarely return to the Municipality to exercise their acquired skills. This also has a major impact on the development of potential entrepreneurs.

DESCRIPTION	TOTAL	PRIMARY	LOWER PRIMARY	LOWER SECONDARY	SECONDARY
SCHOOLS	**173**	102	12	7	52
CLASSROOMS	**1045**	842	24	71	443
REGISTERED PUPILS	**61,605**	39 222	1,367	3,356	17,720

TABLE 19: EDUCATIONAL FACILITIES (SOURCE: DEPARTMENT OF EDUCATION)

The figures released by Statistics SA display a ratio of 40 learners per educator at schools in uMsinga with a 58 learner per classroom ratio. From the demographic data mentioned above, the population between the age of 5 and 19 is estimated at approximately 73 000, which illustrates an even larger backlog in either schools or additional class rooms. Based on the information available, it is apparent that a severe under provision in educational facilities occurs within this municipal area. Using the data available from Stats SA it is apparent that an additional 241 classrooms would be needed to accommodate the 14,000 children not attending school. Approximately 107 schools in the uMsinga area have no electricity, 40 have no water and 30 have structural defects (Department of Education).

1.3.5.3.6 Education Levels and Facilities Health

The Church of Scotland Hospital, situated at Tugela Ferry, is the only hospital within the Municipal area and is centrally located and relatively accessible to the majority of the population. Other hospitals within the reach of the general population are located in Dundee, Nquthu and Greytown. Due to a reasonable range of health services in the area, the development of an integrated primary health care programme should be considered, which should focus on utilizing existing facilities to their maximum.

A Community health care centre (CHC) in Pomeroy has been completed and is operating as a secondary hospital to the Church of Scotland's in Tugela Ferry. This will help the people residing within Pomeroy area enormously. This helps in alleviating the workload of the Scotland hospital staff enabling to give more attention to hospitalised patients who are brought in Tugela Ferry from various areas within the jurisdiction of uMsinga.

a) Welfare

The offices of the Department of Social Development are situated in Tugela Ferry and the bulk of their work is related to foster care and child support, disability and pensioner grants, poor relief, social development, crèches etc. There are approximately 50 pension pay-outs points distributed throughout the municipal area. In almost every case, the pay-outs take place in open area, with no/ very limited infrastructure available at these points and it is suggested that the Department of Welfare address this matter. In most cases the road adjacent to the pay point on the day of pension payments becomes congested and this in turn creates an unsafe situation for both pedestrians and motorists. It is imperative that these services be maintained and expanded to areas which are not yet served, as the population is most likely dependent on welfare grants as a source, if not the only source, of income.

b) HIV/AIDS

According to the latest (2007) Department of Health's Annual Anti-Natal Clinic testing results, the uMzinyathi DM has a 31.7% HIV/ Aids infection rate. A disturbing trend for the Municipality, however, is that these figures are up on the 2006 study figures. There are, however, positives in this matter in that the uMzinyathi DM has the lowest infection rate of any of the DM's in the province. This aside, it is anticipated that this pandemic will have a profound impact on the need for health, social and welfare services over the next 20 years. Population growth is expected to decline over this period and this trend needs to be considered in the planning and delivery of new services.

The HIV/AIDS pandemic alluded to above is expected to result in many more orphans within the time horizon of this IDP. The UMsinga Municipality has delegated a staff member to assume any functions related to HIV/Aids and to this end the Municipality is in close contact with the Departments of Health and Welfare in community education and awareness. The HIV/Aids function is not a core function of local government but rests within the domain of the Department of Health. The Municipality will however assist and support the department of Health in any way possible. To this end the Municipality has in association with other governments departments situated in Tugela Ferry have established an HIV/AIDs Council to tackle the issues related to the pandemic.

c) The Aged

The aged members of the community (over 65 years of age) constitute about 6% of the population, (9000 people) scattered over the entire municipal area. The Municipality has a high number of aged, hence there are programmes aimed at caring and being the lives of senior citizens. As part of operation Sukuma

Sakhe, senior citizen care is the month of October, thus in 2013 October along with other stakeholders and in keeping with this theme certain programmes varying from physical to emotional being of senior citizens are planned in all 19 war rooms.

d) The Disabled

Many disabled people suffer as a result of both joblessness and prejudices against the disabled. In an attempt to promote integrated accessible communities, the Municipality is doing its best to promote participation of people with disabilities, and ensuring all public facilities are disable friendly. The Municipality encourages people living with disabilities to play a meaningful role in the municipal affairs through empowerment projects and capacitating them to find employment. uMsinga Municipality has 1% physically challenged staff component.

1.3.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

The organisational structure that was adopted on 28 May 2014 was reviewed post the local government elections in August 2017. The review identified minor macro organisational amendments and departments were requested to identify any additional staff capacity that will contribute to improved service delivery. The reviewed organisational structure was adopted and implemented during the 2017/18 financial year. Together with the organisational review the filling of critical vacancies, job descriptions and the grading of all posts have been prioritised for urgent intervention and finalisation. The appointment of Senior Management was completed in May 2019 and therefore many organisational interventions and improvements will only be implemented and achieved in the 2019/20 financial year.

The view that information communication technology (ICT) should be governed and managed at all levels within a given organisational structure is supported by internationally accepted good practice and standards. These practices and standards are defined in the King IV, Report on Corporate Governance for South Africa 2016, ISO 38500 Standard for the Corporate Governance of ICT, the Corporate Governance of ICT Policy Framework and other best practice frameworks. Translated into a Municipal operating environment, the corporate governance of ICT places the responsibility of strategic leadership on the Council and Management within a Municipality. This is done to ensure that the leadership and decision-making processes for the use of ICT in service delivery and operational efficiencies of the Municipality's ICT environment remain transparent. This accountability ensures the alignment of the use of ICT with the municipal service delivery requirements as reflected in the IDP.

From a technology prospective, desktop and laptop computers were mostly replaced to get almost all users on a platform that will be able to support the latest Windows operating system. This is necessary to be able to deploy the latest version of Microsoft Office to comply with requirements from system developers as well as the ability to be compatible with other users. Replacements are being performed budget permitting and the oldest technology first is set as a priority. This is an ongoing project. As new posts are being filled, users are being supplied with equipment including computers and telephones. This is difficult to budget for as no real figures are available in advance. ICT have however managed to assist everyone even on very short notice in some cases. In the year 2018/2019 the Municipality rolled out laptops and tablets to all 36 Councillors. It has been working tirelessly to get everyone to use the paperless method. With the new A drive created for the ease of access for agendas and other Council supporting documentations.

The Legal Services Section has been recently added to the organisational structure under the Municipal Managers unit however it has not been fully functional in 2018/2019 however it is needed to protect the Municipality against legal action, making use of both internal and external legal support services. Legal action is also taken by the Municipality, where necessary, to enforce Municipal legislation and contractual obligations. In 2018/2019 the Municipality continued to rely on external legal services due mainly because the internal legal services are still new and lacks capacity. It is envisaged that in the near future the Municipal legal section will be fully equipped to handle day to day legal advices and guidance.

1.3.7 AUDITOR-GENERAL REPORT

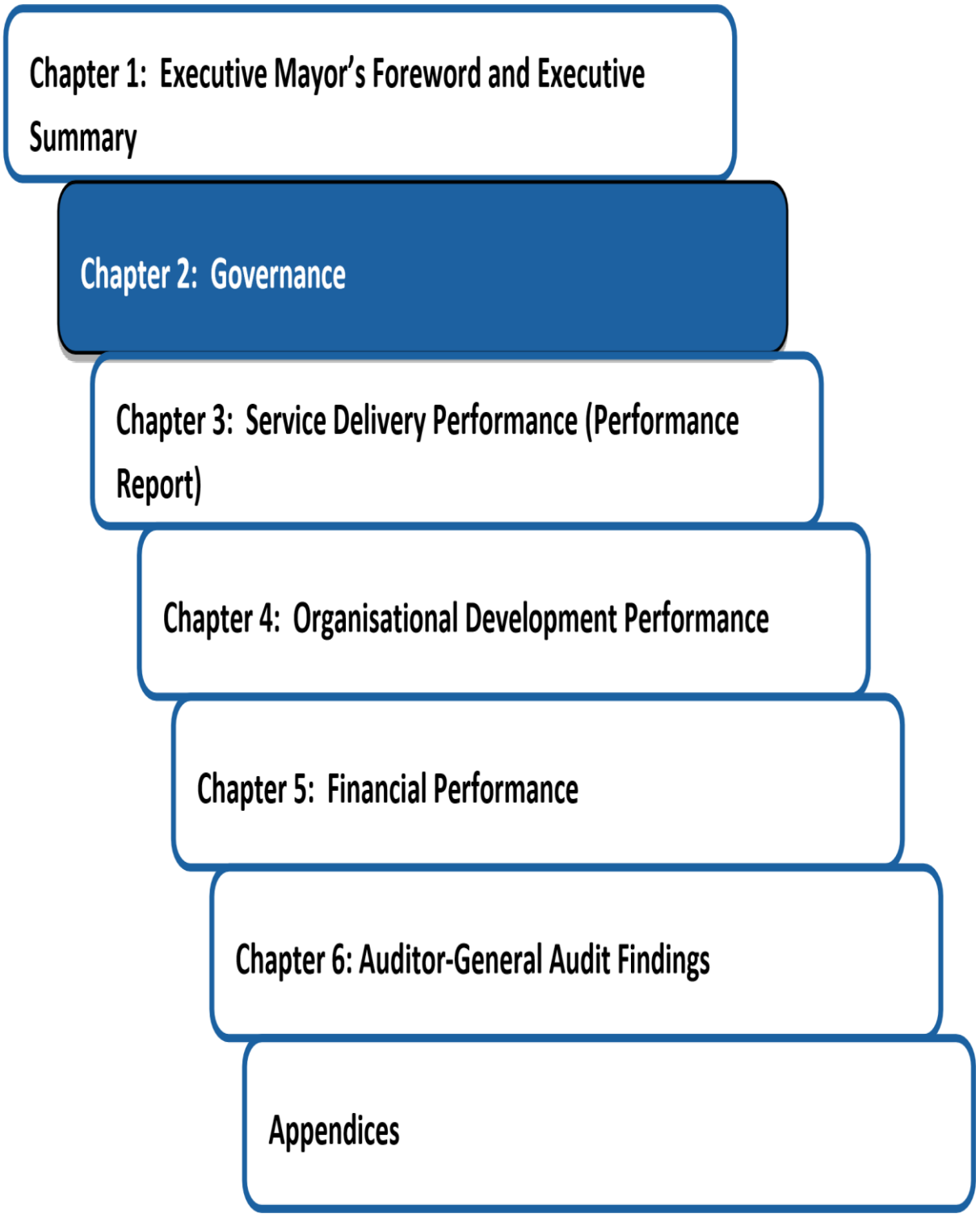
a) 2018/2019: Unqualified opinion with matters
b) 2017/2018: Unqualified opinion with matters
c) 2016/2017: Qualified audit opinion
d) 2015/2016: Unqualified audit opinion with matters
e) 2014/2015: Unqualified audit opinion with no other matters (“clean” audit);

The unqualified and qualified audit opinions have to do with the Annual Financial Statements, Performance and compliance matters.

1.3.8 STATUTORY ANNUAL REPORT PROCESS

NO.	ACTIVITY	TIMEFRAME
1	Consideration of next financial year's budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feed seamlessly into the Annual Report process at the end of the budget/IDP implementation period.	July
2	Implementation and monitoring of approved budget and IDP commence. (In-year financial reporting.)	
3	Finalise 4th Quarter Performance Report for previous financial year.	
4	Submit Draft Annual Performance Report to Internal Audit and Audit Committee.	
5	Audit/Performance Committee considers Draft Annual Performance Report of Municipality.	August
6	Municipality submits Annual Financial Statements and Annual Performance Report including Draft Annual Report to Auditor-General.	
7	Annual Performance Report as submitted to Auditor-General to be provided as input to the IDP analysis phase.	
8	Auditor-General assesses Annual Financial Statements and Annual Performance Report data, including Draft Annual Report.	September –
9	Municipality receives and addresses the Auditor-General's Request for Information and Communication of Findings.	November
10	Mayor tables Draft Annual Report and audited Annual Financial Statements and Annual Performance Report to Council complete with the Auditor-General's Report.	January
11	Draft Annual Report is made public and representation is invited.	February

NO.	ACTIVITY	TIMEFRAME
12	Oversight Committee (MPAC) assesses Draft Annual Report and issues an Oversight Report.	- March
13	Council considers Oversight Report.	
14	Oversight Report is made public.	
15	Oversight Report is submitted to relevant provincial departments.	
16	Commencement of draft budget/IDP finalisation for next financial year. Annual Report and Oversight Report to be used as input.	


Chapter 1: Executive Mayor's Foreword and Executive Summary
Chapter 2: Governance
Chapter 3: Service Delivery Performance (Performance Report)
Chapter 4: Organisational Development Performance
Chapter 5: Financial Performance
Chapter 6: Auditor-General Audit Findings
Appendices

CHAPTER TWO: GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121(2) C) of the MFMA supports the requirements of Section 18(1)(d) of the MSA: information on matters of governance should be communicated to communities. This should, according to Sections 65(1)(a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year. Listed below are major characteristics should be applied within the political and administrative structures of a Municipality / municipal entity to ensure good governance:

- ✓ Participation: Participation could be either direct or through legitimate intermediate institution or representatives.
- ✓ Rule of law: Good governance requires legal frameworks that are enforced impartially.
- ✓ Transparency: Transparency means that stakeholders are provided with information on why decisions were made that directly affect them.
- ✓ Responsiveness: Good governance requires that institutions and processes try to serve all stakeholders with fairly.

2.1 INTRODUCTION TO GOVERNANCE

In the quest to realise UMsinga Municipality's vision it is important that the Municipality is governed in a way that promotes good governance. The Municipality strives to achieve corruption free and accelerating local economic development with the available resources in such a way that service delivery takes place in an efficient, economic and effective manner.

2.2 COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.2.1 POLITICAL AND ADMINISTRATIVE GOVERNANCE

In compliance with Section 151(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996); Section 53 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); and the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), uMsinga 's Municipal Council governs the local government affairs of the local community on its own initiative. The roles and areas of responsibility of each political structure and each political office-bearer of the Municipality and of the Municipal Manager are defined and adhered to accordingly.

2.2.2 POLITICAL GOVERNANCE

2.2.2.1 Council

The Council's primary role is to govern the Municipality in a democratic and accountable manner, to perform legislative and executive functions and generally to fulfil its roles and responsibilities as set out in the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). It focuses on legislation, decision-making, oversight and participatory roles and has delegated executive functions to the Mayor. uMsinga Municipal Council consists of 18 ward Councillors and 36 proportionally elected Councillors. Political parties are represented through elected Councillors from the ANC (12), IFP (24).

2.2.2.2 The Mayor

The Mayor, Cllr B.P. Ngcobo, assisted by the Deputy Mayor and are all members of the IFP. The Speaker heads the political executive arm of the Municipality. The Mayor is at the centre of the system of governance, since executive powers are vested in her to manage the day-to-day affairs. This means that she has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Mayor, delegated by the Council, as well as the powers assigned by legislation. Although she is accountable for the strategic direction and performance of the Municipality, the Mayor operates in conjunction with the Deputy Mayor and the Executive Committee.

2.2.2.3 Portfolio Committees

Five (5) Section 80 committees are established, namely: Administration Services; Development Planning; Technical Services; Financial Services; and Community Services to advise the Mayor on policy matters and any other matter to be considered by the Mayor. They are assigned to focus on specific functional areas of the Municipality and can only make decisions on specific functional issues if delegations have been granted to them. The members are appointed by Council. The chairpersons appointed by the Mayor are Councillors and form part of the Executive Committee.

2.2.2.4 MPAC

Section 79 committees are permanent committees appointed to advise the municipal Council. Council established the Municipal Public Accounts Committee (MPAC) to perform an oversight function on behalf of Council over the executive functionaries of the Council. The MPAC inter alia serves as an oversight committee to make recommendations to the Council when it adopts the Oversight Report on the Annual Report in terms of Section 129 of the Local Government: Municipal Finance Management Act, 2003 (Act

56 of 2003) (MFMA). The MPAC is chaired by the Councillor from the IFP and the other members consists of five Councillors from the IFP and two ANC Councillors. The committee met on 3(three) occasions during the year under review on the 27 November 2018, 10 July 2018, 30 August 2018 (Special meeting)

2.2.2.5 Audit Committee

In compliance with Section 166(2) of the MFMA, Council has an Audit Committee which is an independent body advising the Municipal Council, the political office-bearers, the accounting officer and the management staff of the Municipality, on matters relating to:

- Internal control;
- Risk management;
- Performance management; and
- Governance.

The Audit Committee Terms of Reference is reviewed by Council annually to ensure compliance with legislation and governance best practices. The Audit Committee met on five occasions and detail on their recommendations to Council can be found in Appendix G of the Annual Report.

2.2.2.6 FARMCO

The FARMCO was established by Council in 2017 /2018 to assist the Accounting Officer (Municipal Manager) to fulfil his fraud and risk management responsibilities in accordance with prescribed legislation and corporate governance principles. This is achieved by reviewing the effectiveness of the Municipality's fraud and risk management systems, practices and procedures and providing recommendations for improvement. The committee is regulated by the Fraud and Risk Management Charter which stipulates that the FARMCO shall meet at least four times per annum in terms of a schedule of agreed meeting dates to be determined at the beginning of each financial year. The FARMCO can convene further meetings to discuss urgent matters at the discretion of the FARMCO Chairperson, Mr Madonsela who also forms part of the municipal independent Audit Committee also appointed within 2017/2018.

POLITICAL STRUCTURE

THE HONOURABLE MAYOR

Mayor

Cllr BP NGCOBO

Following Government elections on 3 August 2016,

The Mayor represents the public and is the chief political principal of the Municipality. In terms of legislation the Mayor has the following functions:

- Identify the needs of the Municipality;
- Review and evaluate those need in order of priority;
- Recommend to the municipal Council strategies, programmes and services to address priority needs through the Integrated Development Plan and the Operating and Capital Budgets, taking into account any applicable national and provincial development plans; and
- Recommend or determine the best way, including partnership and other approaches, to deliver those strategies, programmes and services to the benefit of the community.



Deputy Mayor

Cllr SG MASIMULA

Following government elections on 3 August 2016,

FUNCTION: The Deputy Mayor of a Municipality exercises the power and performs the duties of the Mayor if the Mayor is absent or not available or if the office of the Mayor is vacant.



Speaker

Cllr TL KUNENE

Following government elections on 3 August 2016,

The Speaker of the municipal Council:

- Presides at meetings of the Council;
- Performs the duties and exercises the powers delegated to the Speaker in terms of Section 59 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);
- Must ensure that the Council meets at least quarterly;
- Must maintain order during meetings;
- Must ensure compliance in Council and Council committees with the Code of Conduct set out in Schedule 1 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); and must ensure that Council meetings are conducted in accordance with the rules and orders of the Council.



a) POLITICAL STRUCTURE

<table>
<tr><th colspan="2">EXCO (Executive Committee)</th></tr>
<tr><td colspan="2">The Executive Committee members all belong to portfolio committees and have specific functions. The Mayor may delegate specific responsibilities to each member of the Executive Committee. Any powers and duties delegated to the Mayor by the Municipal Council must be exercised and performed by the Deputy Mayor together with the other members of the Executive Committee. The EXCO is made of 8 Councillors including the Mayor, deputy Mayor and the Speaker. The following Councillors served as portfolio holders in the financial year 2018/2019:</td></tr>
<tr><th>COUNCILLOR AND PORTFOLIO</th><th>COUNCILLOR AND PORTFOLIO</th></tr>
<tr><td>CLLR BP NGCOBO (Mayor)
Executive Committee Chairperson
Portfolio: chairperson of Finance committee</td><td>CLLR SHEZI
Portfolio: Chairperson Planning and Economic Development (established in 2017/2018 final quarter)</td></tr>
<tr><td>CLLR B DUMAKUDE:
Portfolio: Chairperson Technical Services</td><td>CLLR: S.G. MASIMULA: DEPUTY MAYOR
Portfolio: Chairperson Corporate Services</td></tr>
<tr><td>CLLR M SOKHELA
Portfolio: Chairperson Community Services</td><td>CLLR TM KUNENE: THE SPEAKER
Chairperson for Rapid Response</td></tr>
<tr><td>CLLR L.D NGUBANE
Exco Member</td><td>CLLR N.C. SIKHOSANA
Exco Member</td></tr>
<tr><th colspan="2">MPAC</th></tr>
<tr><td>CLLR DM NDLOVU
MPAC Chairperson</td><td>MEMBERS:
CLLR P. DLADLA, CLLR T.M. MABASO, CLLR M.M.S. MYEZA, CLLR B.P. MADONDO, CLLR B. MTHETHWA, CLLR N.C. SIKHOSANA</td></tr>
</table>

b) COUNCILLORS

Council is the structure in which the executive and legislative authorities of a Municipality are vested. The roles of Council amongst others are the approval of policies, budgets, by-laws etc. There are 36 Councillors which include the Mayor, Deputy Mayor and the Speaker. There are 8 members of the Executive Committee and 29 ordinary Councillors. Council is made of 13 female Councillors which is a sign that transformation is occurring which is admirable in a patriarchal society.

c) Political Decision-Taking

Section 160(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) prescribes the manner in which Council takes decisions. A quorum of Councillors must be present to take any decision and the majority of the votes cast results in a legal decision. The exception to this rule is that when any of the following issues are determined, it is determined by a decision taken with a supporting vote of a majority of all its members:

(1) The passing of by-laws;

(2) The approval of budgets;

(3) The imposition of rates and other taxes, levies and duties

2.2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the Accounting Officer of the Municipality and also the head of the administration. His primary function is to serve as chief custodian of service delivery and the implementation of political priorities. He is assisted by his Senior Management Team (SMT), which comprises of the HODs (Head of Departments) of the five departments established in the new organogram. There are also four DDs (Deputy Directors) who are managers reporting directly to the HODs as indicated in the chart below. The SMT is extended to two managers who report directly to the Municipal Manager that is the Internal Auditor and the IDP Manager. The SMT meet regularly on Monday mornings to discuss strategic interventions to improve service delivery and new initiatives based on feedback from political leadership, operational departments and the local community.

TOP STRUCTURE	
POSITION	**FUNCTION**
MUNICIPAL MANAGER **MR S.L. SOKHELA** **(APPOINTED ON 13 AUGUST 2018)** 	• Provides an independent appraisal of the adequacy and effectiveness of the systems of internal control, risk management and governance processes. • Evaluates and contributes to the improvement of governance management processes. • Manages financial services in order to ensure financial viability, compliance and reporting. • Provides corporate services to the institution to ensure efficient support of organisational processes. • Provides and manages planning, economic development and environmental management services. • Renders integrated community services to enhance community development in general and promotes a clean and safe environment. • Maximises infrastructure development and delivers a service to all communities of UMsinga Municipality.
DIRECTOR CORPORATE SERVICES **MR. M.V. NTANZI** **APRIL 2017.** 	• Provides legal and administrative support services to the institution to facilitate proficient administrative practices and procedures. • Renders human resource management and support services to the Municipality that will sustain the optimum utilisation of the Municipality's human capital. • Provides effective and efficient information and communication technology services. • Provides comprehensive communication and intergovernmental relations services • Coordinates and provides functional and administrative support to the political office-bearers. • Provides office management services to the Mayor. • Renders property and facilities management services.

FINANCE SERVICES **MR T.M. NENE** **APPOINTED AS AT 16 JULY 2018** 	• Manages and controls the implementation of budget policies, systems and procedures and financial statement processes to ensure legislative compliance and sound financial management practices. • Implements and maintains revenue and credit control policies and procedures to ensure sound revenue management practices and compliance. • Ensures the recording, authorisation and proper execution of expenditure systems, procedures and transactions. • Manages supply chain management services to ensure proper systems, procedures and control for demand, acquisition, logistics, assets and disposal management.
PLANNING AND DEVELOPMENT **MRS B.T. HLUBI** **AS AT 06 MAY 2019** 	• Manages the rendering of spatial and land use planning, surveying, valuations and building control services. • Plans, develops and implements a coherent and Integrated Framework for Local Economic Development and Tourism. • Ensures the implementation of environmental management plans, policies and procedures and ensures compliance in accordance with applicable legislation. • Renders management and line function administrative support services. • Provides for the development of human settlements administration and support services to address the housing needs in the area.

DIRECTOR TECHNICAL SERVICES **MR S. MNGUNI** **AS AT APRIL 2019** 	• Manages Civil Engineering Services including (road & storm water). Manages Electrical Services. • Manages including waste collection, disposal facilities, waste minimisation, awareness and education, waste management, street sweeping, community projects, area cleaning and Waste to Energy. • Manages project and building projects / programmes.
COMMUNITY SERVICES **M.S. XULU APPOINTED** **AS AT AUGUST 2018** 	• Manages the provisioning and maintenance of sport facilities • Manages the rendering of protection services to ensure the safety of the community. • Provides and manages the rendering of community development, library and information services. • Renders management and line function administrative support services.

TABLE 20: TOP ADMINISTRATIVE STRUCTURE

2.3 COOPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

UMsinga Local Municipality participates in a range of intergovernmental activities, both formally and informally. Examples of such interaction and cooperation are: -

- The cooperation of all three spheres of government in the delivery of services for the poor;
- Events and Imbizo's organised to bring information and services to the community. The functioning of Municipal
- Thusong Centres is also an example of bringing joint services to the community;
- Joint integrated development planning during which various provincial departments and Umzinyathi District Municipality contribute towards the IDP planning processes;
- Various meetings are attended where interaction takes place between the various spheres of government;
- UMsinga Local Municipality attends the SALGA workgroup meetings where all the municipalities in the KwaZulu Natal gather to discuss matters of mutual interest in the various fields for which workgroups have been established;
- Provincial Coordinating Forum: the structure is in two folds, the technical and administrative level.
- The technical structure does not include political heads but only technical heads. The Municipal Manager and Mayor respectively take part in the Municipal Managers' Forum, both district's and provincial, as well as the MM's Forum where the Premier of KwaZulu Natal meets the mayors of the municipalities in the KZN and their municipal managers to discuss various matters of mutual interest; and
- MUNIMEC: This is a technical structure where municipal managers converge to discuss various matters. This structure is chaired by the MEC for COGTA. the structure meets on a quarterly basis and it is divided in two as well with the technical and the political layers.
- All IGR structures are functional at the district level including the Mayor's forum which bring all
- Mayors in the district together to discuss issues pertaining to the district's development. The Speaker's forum, MM's forum, and other technical structures including the DTAC which is a technical committee converging quarterly on IDP and PMS matters including reporting back and monitoring the back to basics programme. The meeting location is rotated amongst the local municipal areas and is always attended by a delegate from DCOGTA municipal performance unit.

- The Joint Municipal Planning Tribunal (JMPT) initiative of which UMsinga Municipality forms part of is made of a number of expertise from various municipalities ranging from the Building Inspectors, Town Planners, engineers etc. The tribunal is tasked with the task of assessing all development planning applications in line with SPLUMA.

2.3.1 INTERGOVERNMENTAL RELATIONS

2.3.1.1 NATIONAL INTERGOVERNMENTAL STRUCTURES

uMsinga Municipality participates in national and provincial forums where issues are discussed that involve all local municipalities. These forums are of a technical and professional nature. Experiences and best practices are shared and information is gathered; an example of these would be SALGA, PCF and the IMFO.

2.3.1.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURES

uMsinga Municipality participates in the Premier's Intergovernmental Forum as well as the Provincial Speakers' Forum. The municipal managers also have a provincial and national forum. In all these forums, issues pertaining to service delivery and matters of common interest are discussed. Information and best practices are shared and interaction with the KwaZulu Natal Government and other municipalities is valuable to ensure better coordination and cooperation. Key staff members also participate in professional institutes that govern the interests of various fields of work. These structures provide important support and guidance to staff in maintaining and enhancement of professional work standards.

2.3.1.3 Relationships with Municipal Entities

No municipal entities have been established within the uMsinga Municipality area.

2.3.1.4 District Intergovernmental Structures

As with provincial structures, the Municipality participated in the district forums of mayors, speakers and municipal managers, human resources, planning, finance and various infrastructure forums dealing with service delivery. Engagement, joint projects and information sharing take place on a regular basis.

2.4 PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4.1 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

In terms of Section 6 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the administration of a Municipality must:

a) Be responsive to the needs of the local community;
b) Facilitate a culture of public service and accountability amongst staff;
c) Take measures to prevent corruption;
d) Establish clear relationships, and facilitate cooperation and communication between itself and the local community;
e) Give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive; and
f) Inform the local community how the Municipality is managed, of the costs involved and the persons in charge.

To comply with the above, UMsinga Municipality has established the legislatively required structures such as Section 80 Portfolio Committees advising the Mayor, Council committees such as the Municipal Public Accounts Committee (MPAC), Section 62 Appeals Committee, Special (Disciplinary) Committee, as well as a Fraud and Risk Management Committee. An Audit Committee comprising of independent external members also advises Council. The Audit Committee also serve as the Municipality's Performance Audit Committee and meets quarterly. A quarterly report reflecting the Audit Committee's recommendations relating to the areas of financial management and control, performance management, internal control, risk management and governance matters is tabled to Council. These structures assist the Municipality to discharge the necessary public accountability responsibilities. These structures represent a segmentation of duties amongst staff and public representatives to ensure accountability, transparency and good governance.

Council approved a ward committee system for each of the 18 wards after the elections in 2016 August 03 and the system is fully operational. The chairperson of the ward committee is the elected Ward Councillor and other members of the ward committee are elected by the residents of the ward. It is expected of the ward committees to hold regular meetings – at least once every month – and the minutes are submitted to the Speaker's Office. The functionality of the ward committees is monitored and reported on to Council on a quarterly basis as its reported on as sit forms part of the performance plan for the HOD for Corporate services. During the period under review 18 ward committees were fully functional as elected after the Local Government Elections held on 3 August 2016. The establishment of ward committees took place in accordance with the Rules Regulating the Election and

Establishment of Ward Committees which was adopted by Council. The Ward Committees received Induction Training during the beginning of 2017 with the support of the Provincial Department of Local Government.

Communication with the community through other media has continuously improved by focussing on effective and relevant information sharing. The website has been well maintained and features all the documentation required in terms of legislation as well as public policies, documents and by-laws informing residents about the affairs of the Municipality. It provides for interactive functions on the website which entail additional and user-friendly methods to the public to communicate with the Municipality. These features will be continuously expanded in years to come.

Media and communication are receiving constant attention and the Municipality respond to media enquiries continuously. The Municipality has commissioned a Complaint Management System situated at the municipal Registry section which intends to upgrade customer care within the Municipality.

When the Annual Report is completed, it is made available at the municipal library, the mobile library and on line in the municipal website. The MPAC plays their oversight role by scrutinising the report at large and also invites public comment on it.

2.4.2 PUBLIC MEETINGS

2.4.2.1 COMMUNICATION, PARTICIPATION AND FORUMS

In terms of Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the Municipality is required to establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of the Municipality. During the year under review, the Municipality used the following mechanisms to comply with this legislative requirement:

- Ward committee meetings (discussed in more detail below);
- Public notices in local and regional newspapers;
- Press releases as and when required;
- Receipt and consideration of petitions and objections;
- Public IDP and consultative meetings; and
- Functioning of a municipal website, regularly updated with recent news.

Public meetings are essential mechanisms for the Municipality to consult with the local community. The information gathered during such meetings is a key source that feeds into the IDP review process. The information gained at the meetings held during the year under review was useful and assisted the Municipality to plan for short-, medium- and long-term projects. One of the main advantages of public

meetings is the platform that it provides the Municipality to interact with the community and to convey its message directly.

An IDP Representative Forum was operational during this period and covered the following interest groups:

- Women, Children, Youth and ECD;
- Vulnerable Groups (HIV/AIDS, Disabled, Elderly, Substance Abuse);
- Arts, Crafts, Sport and Culture;
- Religion;
- Business, Agriculture; and
- Environmental Management.

The IDP Representative Forum was consulted throughout the year on the process of the IDP Review and it met once in 2018/2019 financial year. Inputs from the various sectors / interest groups were then discussed, referred to other spheres where applicable and responded to where possible, in the Integrated Development plans. The forum broadened the communication process with UMsinga community and focused the interaction on the aspects within the interest groups. During the budget process, meetings were held with business, bulk users and other interest groups to obtain their input on the next financial year dealings and, after approval of the budget, various groups were engaged to address any queries they may have on the implementation of the new IDP and Budget. The budget was also discussed in the wards with the communities when inputs were invited on the draft budget.

2.4.2.2 WARD COMMITTEES

Section 73 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) stipulates:

(1) If a metro or local Council establishes ward committees it must establish a ward committee for each ward in the Municipality.

(2) A ward committee consists of:

(a) The Councillor representing that ward in the Council, who must also be the chairperson of the committee; and

(b) Not more than 10 other persons.

A ward committee system consisting of ward committees for each of the 18 wards was functional until the local government elections held during August 2016. The new term of office lessened the wards by one from 19 wards to 18 wards after the 2016 Local government elections. Council approved ward Committees in all of the 18 wards during in 2016. The chairperson of the ward committee is the elected Ward Councillor and other members of the ward committee were elected by the residents of the ward. It is expected of ward committees to meet on a monthly basis and the minutes are submitted to the Speaker's Office. The functionality of the ward committees is monitored and reported to Council by the Speaker and his office on a quarterly basis.

Ward committees form an essential part of the public participation process and these structures are particularly useful to ensure a relationship between Councillors and ward residents. It provides the opportunity to discuss local matters that concern the residents in that ward. The Municipality annually avails funding to each ward in order to undertake specific projects in such wards. Ward committees play an important role in this regard as they advise on the projects they would like to be implemented. These ward projects further strengthen the relationship between the Municipality and the communities due to the direct impact that the ward committees can make on development projects in their wards. The purposes of ward committees are:

- To act as an advisory committee to the Ward Councillor and Council;
- To ensure two-way communication to and from the community;
- To identify ward specific needs and to refer same to the administration and Council for attention;
- To actively partake in the annual IDP ward based public meetings;
- To assist the Ward Councillor in identifying ward projects and ward capital projects;
- To identify stakeholders in the wards and to liaise with them regarding matters needing attention; and
- To discuss ward related Council agenda items and to make inputs regarding same if necessary.

The major issues dealt with by uMsinga Municipality ward committees were the following:

- Advising the Ward Councillor and Council on ward issues dealt with by Council;
- Identifying ward specific needs and referring it to the administration and Council for attention;
- Participation in the annual IDP ward based public meetings;
- The identification of operating and capital ward projects;

- Identifying stakeholders in the wards and liaising with them regarding matters needing attention; and
- Discussions on ward-related Council Agenda items and to make inputs regarding same if necessary.
- Decision making on potential projects and prioritizing

2.4.2.3 IDP PARTICIPATION AND ALIGNMENT

IDP PARTICIPATION AND ALIGNMENT CRITERIA	YES	NO
Does the Municipality have impact, outcome, input, output indicators?	√	
Does the IDP have multi-year targets?	√	
Are the above aligned and can they calculate into a score?		x
Does the budget align directly to the KPIs in the strategic plan?	√	
Do the IDP KPIs align to the Section 56 managers and 54 Managers?	√	
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	√	
Do the IDP KPIs align with the provincial KPIs on the 12 outcomes?		x
Were the indicators communicated to the public?	√	
Were the four quarterly aligned reports submitted within stipulated timeframes?	√	

TABLE 21: IDP PARTICIPATION AND ALIGNMENT CRITERIA

2.5 CORPORATE GOVERNANCE

2.5.1 OVERVIEW OF CORPORATE GOVERNANCE

Governance in uMsinga Municipality encompasses line functions pertaining to political and administrative governance, audit, risk management, organisational and individual performance management, public participation and IDP, intergovernmental relations, public communication, human resource management, organisational development and legal services. The governance function is supported by an independent Audit Committee, comprising of five external specialists having the necessary skills to provide effective oversight of the Municipality's systems of internal control, risk management and governance processes. The Audit Committee is supported in its role by the Internal

Audit function which performs audits in terms of an approved audit plan, audit charter and reports to the Audit Committee on a quarterly basis. The Municipal Public Accounts Committee (MPAC) comprises of independent Councillors. In order to promote independence and objectivity, the MPAC is chaired by a Councillor from the ruling party in Council.

2.5.2 RISK MANAGEMENT

Section 62(i)(c) of the MFMA requires a Municipality to have and maintain an effective, efficient and transparent system of risk management. There is a danger that risks which fall outside traditional functions may go unmanaged and have serious consequences on the institutional objectives. The need for broad-based risk management is thus critical as it will also ensure that risks which were not previously given adequate attention are now properly managed. Risk management processes that are integrated in the institution's existing structures are likely to be more effective in producing the desired service delivery and other objectives.

The Risk Management is falls within the internal audit unit in the Municipality and is responsible for the Risk Management function at UMsinga Municipality through facilitation and advising on fraud- and risk management issues. This entails the development of policies, strategies, plans and processes. UMsinga Municipality established a Fraud- and Risk Management Committee (FARMCO), which meets on a quarterly basis and assists in the development and revision of all policies, strategies, plans and processes. In the financial year under review, the Risk Management Policy, Strategy as well as Plan were developed. The Risk Register, linked to key performance areas (strategic objective) and key focus areas, was established, monitored and reviewed with all the directorates through a facilitation process. The ten top strategic risks identified were:

1. Inability to provide and maintain adequate municipal infrastructure
2. Ineffective control over municipal assets
3. Inability to attract and retain experienced and competent employees
4. Inability to address findings and concerns raised by AG, IA, AC, MPAC, COGTA and Treasury
5. ineffective municipal oversight structures (Council, EXCO, Audit Committee.
6. Non-compliance with legislations applicable to local government
7. Uncontrolled urbanization
8. Inability to respond to disaster related incidents.
9. Inability to effectively implement MSCOA

10. Inability to monitor performance management system

2.5.3 INTERNAL AUDIT

Internal Audit is an independent function reporting administratively to the Accounting Officer and functionally to the Audit Committee. Internal Audit performs audits in terms of a three-year strategic and one-year operational plan which is approved by the Audit Committee at the commencement of each financial year. The priorities in the Internal Audit Plan can be categorised in terms of audits focusing on the systems of internal control, risk management and governance. The prioritisation of audits in these three categories is based primarily on the Municipality's risk profile as well as legislative requirements. Internal Audit reports to the Audit Committee on a quarterly basis regarding progress with the implementation of the approved plan as well as the outcome of audits conducted in terms of the approved plan. Internal Audit also performs follow-up audits to assess the implementation of agreed management action plans in response to reported internal audit findings. Internal Audit executes its duties in terms of the International Standards for the Professional Practice of Internal Auditing (Standards) issued by the Institute of Internal Auditors.

In the year under review the outsourced internal audit's contract came to an end and for the first time the Municipality started utilising the internal capacity to perform the internal auditing purposes. The internal audit capacity is very limited and with the outsourced capacity gone, the Municipality realized that capacity needs to be strengthened going forward.

2.5.4 ANTI-CORRUPTION AND FRAUD

The Fraud- and Risk Management Committee (FARMCO) meets on a quarterly basis and assists with the development and revision of all policies, strategies, plans and processes relating to fraud risk management. In the financial year under review, the current Fraud Prevention Policy and Strategy were incorporated in the Risk Management Policy. FARMCO review the effectiveness of prevention initiatives, detection techniques as well as progress made in any forensic investigations, and thereby also function as an oversight body. The Municipality does not have a fraud hotline as yet.

2.5.5 SUPPLY CHAIN MANAGEMENT

2.5.5.1 OVERVIEW OF SUPPLY CHAIN MANAGEMENT

2.5.5.1.1 Demand Management

The objective of demand management is to assist the Municipality with the planning for the procurement of goods, works or services in a proactive manner and to move away from merely reacting to purchasing requests. Certain aspects of demand management were implemented, i.e. the Capital Projects Procurement Plan that encapsulates all capital projects. This planning document assists directorates to timeously plan for procurement of capital goods / projects where directorates are required to commit procurement due dates for their respective capital projects expenditure. The procurement plan was closely monitored and reported on to the Accounting Officer on quarterly basis and assisted the Accounting Officer with an oversight regarding the spending of capital funds during the financial year.

2.5.5.1.2 Acquisition Management

The Supply Chain Management (SCM) Unit processed a total order for the 2018/2019 financial year the value for which is in the AFS attached.

2.5.5.1.3 Policy Amendments

The SCM Policy was reviewed during the 2018/2019 financial year. Certain amendments to the SCM Policy were tabled before Council in order to improve operational efficiency. The Municipality has to forward the current SCM Policy to the KZN Treasury on an annual basis for scrutiny and compliance verifications against the SCM Policy model that was issued by National Treasury. The purpose of this exercise is to determine whether the Municipal SCM Policy deviates from the stipulations of the SCM Regulations. UMsinga Municipality's SCM Policy complies with the regulatory framework. Invitation and evaluation of bids based on a stipulated minimum threshold for local production and content Regulation 9(1) of the Preferential Procurement Regulations, 2011 and Regulation 8(1) of the Preferential Procurement Regulations, 2017 makes provision for the Department of Trade and Industry, in consultation with the National Treasury to designate sectors for which local production and content is of critical importance when bids are awarded.

2.5.6 BY-LAWS/POLICIES

Section 11(3) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides Municipal Councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation. In terms of Section 160(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996):

- The by-laws/policies serve before the various structures of the Council;

- The by-laws/policies were advertised in the local media for objections or comment;

The by-laws were open for inspection at all Municipal offices and libraries; and the by-laws were published on the local newspaper. Bylaws/Policies were adopted by Council on the 29thMay 2019. -The following by-laws were adopted in the 2018/2019 financial year:

ADMINISTARTIVE POLICIES

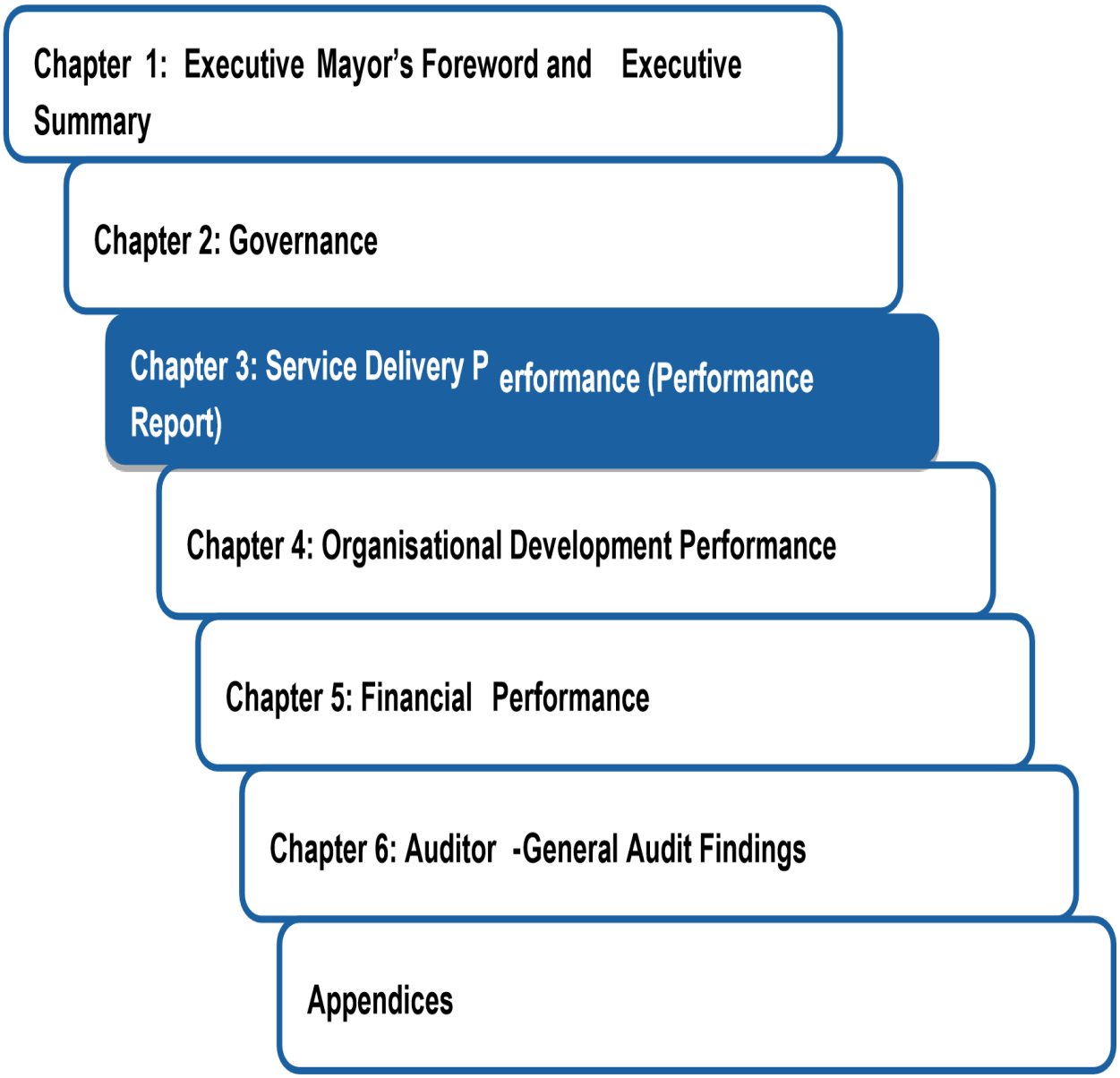
- Bursary Policy
- Employee Wellness Policy
- HIV/AIDS Policy
- Leave Policy
- Medical Aid
- General Stipulations
- Discipline
- Employment Equity Plan
- Payment of Overtime
- Smoking in the workplace
- Probationary period policy
- Recruitment, selection, appointment, promotion and transfer of personnel
- Scarce skills and retention
- Sexual harassment
- Skills development Policy
- Termination of Service
- Attendance & Punctuality
- Incapacity poor work performance
- Intoxication and substance abuse
- Incapacity ill health
- Retention Policy
- Employee wellness
- Occupational health and safety
- Actin

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL		
DOCUMENTS PUBLISHED ON THE MUNICIPALITY'S WEBSITE.	**Yes/No**	**Publishing Date**
ANNUAL BUDGETS, IDP AND ALL BUDGET-RELATED DOCUMENTS	Yes	
ALL BUDGET-RELATED POLICIES	Yes	
THE PREVIOUS ANNUAL REPORT 2015/16, 2016/17 / 2017/2018	Yes	
THE ANNUAL REPORT 2018/2019 TO BE PUBLISHED	Yes	January 2020
ALL CURRENT PERFORMANCE AGREEMENTS (2017/18 2018/2019) (2019/2020) AND RESULTING SCORECARDS REQUIRED IN TERMS OF SECTION 57(1)(B) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 (ACT 32 OF 2000)	Yes	August 2018 2019/20 August 2019
DOCUMENTS PUBLISHED ON THE MUNICIPALITY'S WEBSITE.	Yes/No	Publishing Date
ALL SERVICE DELIVERY AGREEMENTS 2018/2019)	Yes	
ALL LONG-TERM BORROWING CONTRACTS (2018/2019)	No	None
ALL SUPPLY CHAIN MANAGEMENT CONTRACTS ABOVE A PRESCRIBED VALUE (ABOVE R 200,000) FOR 2018/2019	Yes	
ALL INFORMATION STATEMENTS CONTAINING A LIST OF ASSETS OVER A PRESCRIBED VALUE THAT HAVE BEEN DISPOSED OF IN TERMS OF THE MFMA SECTION 14(2) OR (4) DURING 2018/2019	No	
CONTRACTS AGREED IN 2018/2019 TO WHICH THE MFMA SUBSECTION (1) OF SECTION 33 APPLIES, SUBJECT TO SUBSECTION (3) OF THAT SECTION	No	
PUBLIC-PRIVATE PARTNERSHIP AGREEMENTS REFERRED TO IN THE MFMA SECTION 120 MADE IN 2018/19	No	
ALL QUARTERLY REPORTS TABLED BEFORE COUNCIL IN TERMS OF THE MFMA SECTION 52(D) DURING 2018/2019	No	
ALL MUNICIPAL RESOLUTIONS, MUNICIPAL COUNCIL MINUTES	No	

TABLE 23: MUNICIPAL WEBSITE CONTENT

2.5.7 PUBLIC SATISFACTION WITH MUNICIPAL SERVICES

The centralised complaints management system procured to improve customer care is fully operational. Additional access options have been introduced in order to ensure that all residents have easy access to the system. In addition, the system has been expanded to all directorates of the Municipality. During the reporting period there were no service requests registered.


Chapter 1: Executive Mayor's Foreword and Executive Summary
Chapter 2: Governance
Chapter 3: Service Delivery P erformance (Performance Report)
Chapter 4: Organisational Development Performance
Chapter 5: Financial Performance
Chapter 6: Auditor -General Audit Findings
Appendices

CHAPTER 3: THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN - SDBIP

The SDBIP is a plan that converts the IDP and Budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the Municipality are implemented. It also allocates responsibility to Departments to deliver the services in terms of the IDP and Budget as adopted 29th May 2019. The MFMA Circular No.13 prescribes that: the IDP and budget must be aligned; The budget must address the strategic priorities; The SDBIP should indicate what the Municipality is going to do during the next the 12 months; and The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes. The SDBIP was prepared as described in the paragraphs below and approved by Her Worship the Mayor on 29th May 2019. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

3.1 THE MUNICIPAL SCORECARD

The Departmental Scorecards (detailed SDBIP) capture the performance of each Department. Unlike the Municipal organizational Scorecard, which reflects on the strategic performance of the Municipality, the Departmental SDBIP 2018/2019 provides a comprehensive picture of the performance per Department/ unit branch. It was compiled by the Heads of Departments and consists of objectives, indicators and targets derived from the approved Top Layer SDBIP. All departmental plans together form the organizational scorecard (SDBIP).

The necessary components include:

- ✓ Monthly projections of revenue to be collected for each source; Expected revenue to be collected NOT billed;
- ✓ Monthly projections of expenditure (operating and capital) and revenue for each vote; Quarterly projections of service delivery targets and performance indicators for each vote;
- ✓ Non-financial measurable performance objectives in the form of targets and indicators; and
- ✓ Detailed capital project plan broken down by ward over three years.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;

- The budget must address the strategic priorities;
- The SDBIP should indicate what the Municipality is going to do during in the next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP was prepared as described in the paragraphs below and approved by Her Worship the Mayor on the 29th May 2018. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

Colour	Category	Explanation		No
	KPI Not Yet Measured	KPI's with no targets or actual results for the selected period	0	
	KPI Not Met	Actual vs. target less than 75%	0	
	KPI Almost Met	Actual vs. target between 75% and 100%	11	
	KPI Met	Actual vs. target 100% achieved	61	
	KPI Extremely Well Met	Actual vs. target more than 100% achieved	5	
Total	KPIs		77	

TABLE 24: PERFORMANCE ASSESSMENT CRITERIA

PLANNED TARGETS VS ACTUAL RESULTS FOR THE 2018/2019-FINANCIAL YEAR

TABLE 25: PERFORMANCE ASSESSMENT: KPIS MET VS NOT MET

		2017/2018	**2018/2019**
not indicated			0
	KPI Not measured	0	0
	100% KPI met	46	61
	KPI Almost Met 75%-100%	17	11
	KPI Not Met 75% and less	0	0
	KPI Extremely Well Met	0	5
TOTAL KPI		63	77
Total %		**73%**	**85%**

3.2 PERFORMANCE AGAINST THE NATIONAL KEY PERFORMANCE INDICATORS

The following tables indicate the Municipality's performance in terms of the National Key Performance Indicators required in accordance with the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These Key Performance Indicators are linked to the National Key Performance Areas.

INDICATOR	MUNICIPAL ACHIEVEMENT 2016/2017	MUNICIPAL ACHIEVEMENT 2017/2018	MUNICIPAL ACHIEVEMENT 2018/2019
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a Municipality's approved employment equity plan	26	27	0
The percentage of a Municipality's budget actually spent on implementing its workplace skills plan	0.13%	0.14%	0.14%

TABLE 26: NKPA- MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

INDICATOR	MUNICIPAL ACHIEVEMENT 2016/2017	MUNICIPAL ACHIEVEMENT 2017/2018	MUNICIPAL ACHIEVEMENT 2018/2019
THE PERCENTAGE OF (REGISTERED INDIGENT) HOUSEHOLDS EARNING LESS THAN 2 X SOCIAL GRANT PLUS 25% PER MONTH WITH ACCESS TO FREE BASIC SERVICES	(28 564/ 37500) =76.2 %	(24478 /37500) = 65,27%	
THE PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC LEVEL OF WATER	71,75%	71,75%	71,75%
THE PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC LEVEL OF SANITATION	89,51%	89,51%	89,5%
THE PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC LEVEL OF ELECTRICITY	77%	79%*	80%
THE PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC LEVEL OF SOLID WASTE REMOVAL	5%	5%	5%

TABLE 27: NKPA- BASIC SERVICE DELIVERY

INDICATOR	MUNICIPAL ACHIEVEMENT 2016/2017	MUNICIPAL ACHIEVEMENT 2017/2018	MUNICIPAL ACHIEVEMENT 2018/2019
The number of jobs created through Municipality's local economic development initiatives including capital projects	**2400**	**2650**	**2650**
		1500- CWP	**1500 CWP**
		1150- EPWP	**1150 EPWP**

TABLE 28; NKPA- LOCAL ECONOMIC DEVELOPMENT

3.3 SUMMARY OF MUNICIPAL PERFOMANCE

The municipal performance is presented in terms of the six National Key Performance areas.

3.3.1 NKPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

ADMINISTRATION	PROJECTS	AS AT 30 JUNE 2019	BUDGET	PERFORMANCE
Compliance	**Section 71**	**Submitted to Provincial**		✓

ADMINISTRATION	PROJECTS	AS AT 30 JUNE 2019	BUDGET	PERFORMANCE
		Treasury		
	2017-2018 OPINION	Unqualified with matters		2016/2017 opinion 2017-2018 ▪ An action plan was developed and implemented in 2018/2019 FY
	AG action plan		Inhouse	90% completed
	AFS	31/08/2019		Completed
	A, B, C Schedules			All Submitted
	Section 72 Adjustment budget	Adopted by Council 28 February 2019	in-house	❖ uploaded on portal MSCOA challenges still exist as the Municipality becomes more MSCOA compliant.
	2018/2019 budget Draft Final	 28/03/2018 29/5/2018		Submitted to NT/PT & DCOGTA Adopted uploaded on the website
	Indigent register implementation			Data has been cleaned to remove the beneficiaries that do not meet the criteria in line with the indigent policy. ▪ Marshalls were used to collect data and a new register was developed.

ADMINISTRATION	PROJECTS	AS AT 30 JUNE 2019	BUDGET	PERFORMANCE
	SCM compliance	✓		▪ A **reviewed SCM policy was adopted by Council and implemented in 2018/2019 FY**

TABLE 29: COMPLIANCE TO LEGISLATION

3.3.2 NKPA: BASIC SERVICE DELIVERY

3.3.2.1 ACCESS ROADS

To provide a better Local access Road network: 2018/2019 the MIG of R 36 715 000.00 was allocated. The allocation was fully committed. Below are the MIG implemented projects for the 2018/2019 financial year:

NO.	PROJECT	LENGTH	REGION	STATUS
1.	Thokoza Access Road	7.3 KM	Ward 18	Not Achieved
2.	Hlathi Access Road	3.1 KM	Ward 12	Achieved
3.	Mxheleni Access Road	5.6 KM	Ward 9	Achieved
4.	Nkandla Access Road	7.8 KM	Ward 14	Achieved
5.	Sthunzi Access Road	5 KM	Ward 8	Not Achieved

3.3.2.2 ELECTRICITY PROJECTS

OBJECTIVE: Provision of electricity connections. The number of electricity connections is the unit measure. **335** new connections were achieved in 2018/2019 financial year.

- **UNDERTAKEN BY UMSINGA MUNICIPALITY**

PRIORITY	PROJECT NAME	WARD	AREA	PROJECT VALUE	CONNECTIONS
1	Ezingulubeni (Ngcuba) phase 2	14 & 13	Dayiswayo and Ngcuba	R4.700.000.00	42 dry connections (awaiting to be energised by Eskom)
2	Mzweni phase 3	1 & 2	Mzweni	R10 000 000.00	335 connections

PRIORITY	PROJECT NAME	WARD	AREA	PROJECT VALUE	CONNECTIONS
3	Douglas	1	Douglas	R3 000 000.00	49 (dry connections) awaiting to be energised
5	Phalafini	1	Phalafini	R3 000 000.00	0 Connections achieved

- ✓ **Phalafini project** has not yielded any actual connections thus far because the project is a multiyear project which continues into the 2019/2020 financial year however ground work has been completed about 35 %.
- ✓ **Douglas and Ezingulubeni projects** are in progress and have yielded dry connections that awaits Eskom to energise them.

UNDERTAKEN BY ESKOM

PRIORITY	PROJECT NAME	WARD	AREA
1	Woza	17	
2	Ngubukazi/Nkamba	2/16/17	
3	Mumbe	1	
4	Gxushaneni	16	
5	Gordon	16/17	
6	Shiyane/Ndanyana	12	
7	Msinga Top	14/16	

3.3.2.3 SPORTS FACILITIES

OBJECTIVE: Upgrade of Mzisho sports-field. Percentage of completion of the 30% scope of works by date.

- ✓ Mzisho Sports-Field
- ✓ Upgrade of Mzisho sportfield
- ✓ Completed the remaining 30% scope of works towards Mzisho sports-field upgrade by 30/6/2019

3.3.2.4 INFRASTRUCTURE PROJECTS: COMMUNITY HALLS, CRECHES/SCHOOL CLASSROOMS/HOUSES

- ✓Construction & completion of **16 Community Halls** as per Ward Based Planning (WBPs): All projects are undertaken from the wards allocation as depicted in the Community Ward Plans (CBPs/WBPs)
- ✓The target was 18 community halls however only 16 Community halls were completed by 30 June 2019. Two community halls were started but not completed. (Ntombikayise Ngcobo Hall ward12, Keate's Drift hall) there were delays from suppliers of steel structure. The municipality will Fastrack procurement processes to avoid.
- ✓Infrastructure: All 18 wards in- house infrastructure programmes. As per ward plan R10 112400.00

- **16 COMMUNITY HALLS**: Constructed and Completed
 1. Ntanyezulu hall ward 1,
 2. Sidakeni hall ward 4,
 3. Mbabane hall ward 5,
 4. Mathengwenya hall ward 6,
 5. Jojingwenya hall ward 7,
 6. Zihlabeleni hall ward 7,
 7. Bhodlendlini hall ward 8,
 8. Ndondwane Hall ward 10,
 9. Dungamanzi hall ward 10,
 10. Makhandane hall ward 13,
 11. Gcumeni hall ward 13,
 12. Mpophoma hall ward 14,
 13. Nocomboshe hall ward 15,
 14. Mabedlana hall ward 16,
 15. Thulani Nyaba hall ward 17,
 16. Ezintandaneni hall ward 09,
- **08 Crèches**

 Constructed & completed 08 Creches as per WBP by 30/6/2019**:**
 a) 2 Creches at ward 17,
 b) 1 Creche at ward 1,
 c) 1 Creche at ward 3,

d) 1 Creche at ward 8,
e) 2 Creches at ward 9,
f) 1 Creche at ward 14,

- **11 TWO ROOMED HOUSES:**

 Constructed & completed 11 Two-room Houses as per WBP by 30/6/2019: Beneficiaries:

 1. Mkhize
 2. Qwabe,
 3. Benya,
 4. Ndlovu,
 5. Ngabayena,
 6. Khoza,
 7. Ngubane,
 8. Mathondi,
 9. Cele,
 10. Magwanyana,
 11. Mntungwa

- **3X2 CLASSROOMS**

 Constructed & completed 3 x two-Classrooms for local schools as per CBP by 30/6/2019:

 I. 2 classrooms at Buhayika ward 6,
 II. 2 classrooms at Nsimbini phase 02,
 III. 2 classrooms Mthintandaba school,

3.3.2.5 WASTE MANAGEMENT

OBJECTIVE: To ensure proper waste management in the past financial years, the Municipality has not been prioritising waste management function which has led to a lot of infrastructure backlog in this field. It is recommended that the Municipality prioritise waste management so as to take care of the environment and comply with legislations and national targets.

WASTE 2018/2019	PROJECTS	BUDGET	PROGRESS AS AT 30 JUNE 2019
1. REFUSE COLLECTION	Seven times a week at: Pomeroy, Keates Drift and Tugela Ferry towns	**R4 000 000.00**	100%

WASTE 2018/2019	PROJECTS	BUDGET	PROGRESS AS AT 30 JUNE 2019
2. BINS INSTALLATION IN THE THREE TOWNS	installation of 6 skips and 25 bins **(Pomeroy, Keates Drift & Tugela Ferry)**	**R350 000.00**	100%

3.3.2.6 HOUSING PROJECTS

Housing projects are funded by Department of Human Settlement with the Municipality playing a facilitation role. The following project from 1 up to 10 are at a planning stage and some of them have been approved by the department. It should be noted that the implementation of these projects depends on the availability of funds from the department. The Municipality prepared another list from 11 to 20 which has been approved by the previous Council and submitted to the Department of Human Settlement.

No.	PROJECT NAME	WARD
1	Douglas Housing Project	1
2	Msinga Top Housing Project	14, 15
3	Mzweni Housing Project	2, 1
4	Nhlalakahle Housing Project	7
5	Mbhono Housing Project	14
6	Nteneshana Housing Project	8
7	Mkhuphula Housing Project	13
8	Mthembu Phase 2 Housing Project	5, 3, 6
9	Mahlaba Housing Project	18
10	Ngome Housing Project	11
11	Mngeni Housing Project	16
12	Ezibomvini phase 2 housing Project	4
13	Alva Housing project	12
14	Uthuli Lwezulu housing project	11

15	Pomeroy phase 2 housing project	17
16	Ophathe housing project	7,9
17	Pomeroy Integrated Stock	17
18	Fabeni housing projects	10
19	Nqoleni housing project	
20	Ngongolo housing project	6

3.3.3 NKPA: CROSS CUTTING

3.3.3.1 PROTECTION: FIRE & DISASTER MANAGEMENT

ALL WARDS	PROJECTS	PROGRESS AT 30 JUNE 2019	BUDGET	PERFORMANCE RATE
1	Fire awareness's & incidents attended		R30 000	✓ 100%
2	Disaster management		Inhouse	✓ 100%

3.3.3.2 COMMUNITY, SPORTS AND RECRREATION

Awareness	All 18 wards	In house		R3000 000.00
Ward committees	All 18 wards	In house		R3 936 000
Special Programmes	All 18 wards	In house	continuous	R 3170 800.00
Pauper burial	All 18 wards	In house	2 coffins per ward	R460 676,00

ALL WARDS	SPORT PROJECTS	PROGRESS AT 30 JUNE 2019	BUDGET	PERFORMANCE RATE
1	SALGA games	Target met		✓ 100%
2	Indigenous games	Target met		✓ 100%
3	Reed dance	Target Met		✓ 100%

	Mayoral cup & Ward games	Target Met		✓ 100%
4	uMsinga Marathon	Target met		✓ 100%

3.3.3.3 STRATEGIC & SPATIAL PLANING

ALL WARDS	STRATEGIC & SPATIAL PLANNING PROJECTS	PROGRESS AT 30 JUNE 2019	PERFORMANCE RATE
ADMINISTRATION	IDP preparation= IDP FORUM Draft IDP 2018/2019 FINAL	Adopted 27/03/2019 18/02/2019 Submitted to DCOGTA 29/03/2019 8TH JULY 2019	✓ 100%
ADMINISTRATION	PMS reports Midyear report Quarterly reports	Council adoption 24/01/2019 3rd – 29 /05/2019	✓ 100%
	Development applications		100% Processed as and when they arrive.

3.3.4 NKPA: LOCAL ECONOMIC DEVELOPMENT & SOCIAL DEVELOPMENT

ALL WARDS	LED PROJECTS	PROGRESS AT 30/06/2019	BUDGET	PERFORMANCE RATE
1	Pound	In progress	R180 000	• 100% target met. • Monitoring has been allocated to Deputy Director Development Planning in 2018/2019.
2	Tractors functioning	274 plots ploughed	Income	• Target Exceeded • 240 Planned Achieved • 274
3	Agri-processing operationalisation	Target meet	R 200 000	✓ 100%
4	Ward Agricultural projects	Target meet All wards used their allocation towards increasing the agricultural economic output.	R2000 000.00	✓ 100%
	Youth projects	Target met	R5 663 88.00	✓ 100%
	Bursary project	181 people assisted with tertiary assistance in various fields.	R1080 000.00	100%
	Internships	18 offered at the Municipality.	Salary vote	✓ 100%
5	CWP facilitation	Target meet	DCOGTA funded	1500 jobs created through CWP100%
6	LED strategy implementation Formalising informal trading	In progress SCM processes were delayed	0	✓

3.3.5 NKPA: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

3.3.5.1 ADMINISTRATION

The objective is to properly arrange Council and committee meetings successfully.

ALL WARDS	CORPORATE PROJECTS	PROGRESS AT 30 JUNE 2019	PERFORMANCE RATE
1	Administration Council meetings	✓	100% 10 meetings
2	**EXCO meetings**	✓	100% / 13 Meetings
3	MPAC meetings	✓	3 MPAC meeting 100%
	Audit committee meetings	a)	4 audit committee meetings 100%
	Ward committee meetings	216	100% achieved 216 Meetings (one meeting per ward per month)
4	Portfolio committee meetings	22/24 meetings in total	22 Meetings two meetings did not sit due to lack of items)

3.3.6 NKPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

ALL WARDS	PROJECTS	PROGRESS AT 30 JUNE 2019	PERFORMANCE ACTUAL VS PLANNED	BUDGET
1	Number of Ward committee meetings	216 meetings	216 Completed	
2	Newsletters	2 out of 2 planned	& completed	
3	Mayoral Izimbizo	18 held	18/18 100%	
	Mayoral talk shows	18 shows achieved	18/18	R300 000

3.3.7 MEASURES TAKEN TO IMPROVE PERFORMANCE

As the legislation prescribes, this Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 32 (Act 32 of 2000); which stipulates as follows:

(1) A Municipality must prepare for each financial year a performance report reflecting—

a) the performance of the Municipality and each external service provider during that financial year; a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
b) Measures taken to improve performance.
c) Measures taken to improve performance were discussed with the Accounting officer and the HOD. These are binding and will be monitored on a quarterly basis, and are presented here under.

3.3.7.1 NKPA: BASIC SERVICES DELIVERY

A) ELECTRICITY PROJECTS NOT COMPLETED- H.O.D. – TECHNICAL SERVICES

PROJECT	STATUS AS AT 30/6/2019	REASONS FOR VARIANCE AND MEASURES TAKEN TO IMPROVE PERFORMANCE
Douglas electrification KPI 182 # Douglas project: Electrify 205 House connections by 30/6/2019	49 dry connections achieved	• The Douglas project started late due to financial challenges Budget has been made available in 2019/2020
KPI185# Ngcuba electrification project: Electrify 34 House connections by 30/6/2019	42 dry connections achieved	• The project is complete but awaiting Eskom to energise. • The Municipality continues to liase with Eskom
KPI 191#Parafin electrification project: Electrify 86 house connections by 30/6/2019	0 connections Designs completed and SCM processes commenced	• The project was delayed due to budget constraints • The project continues in 2019/2020 and has been budgeted for.

b) ACCESS ROAD PROJECTS – TS TECHNICAL SERVICES

PROJECT	STATUS AS AT 30/6/2019	REASONS FOR VARIANCE AND MEASURES TAKEN TO IMPROVE PERFORMANCE
KPI 180#Sthunzi gravel access road:	5km access road cleared & constructed but not completed by 30 June 2019. The project delayed due to changes in routes	This a multiyear project to be completed by 30/6/2020.

KPI 181#**Thokoza gravel access road**:	7,3 km access road cleared and constructed but not completed by 30 June 2019. Slow progress on site by the contractor	The contractor will be monitored closely through technical meetings held on a monthly basis. If no improvement, the Municipality will appoint a competent subcontractor to construct.

C) NKPA: LOCAL ECONOMIC DEVELOPMENT

KOPI CURIO SHOP CONSTRUCTION -(P) DEVELOPMENT PLANNING

PROJECT	STATUS AS AT 30/6/2019	REASONS FOR VARIANCE AND MEASURES TAKEN TO IMPROVE PERFORMANCE
KPI 155#**Kopi Curio shop** the project is the procurement stage.	This is a multiyear project but there were land disputes that delayed the start of the project The project budget was limited thus the project was phased. In 2018/2019 only designs were done	The (Amakhosi) Traditional Authority leaders have been engaged and the land issues have been resolved. The SCM processes have to be fast-racked. Construction is set to commence in 2019/20 Financial Year.

D) NKPA: CROSS CUTTING ISSUES:

HSP –: A) HOUSING SECTOR PLAN PREPARATION -(P) DEVELOPMENT PLANNING

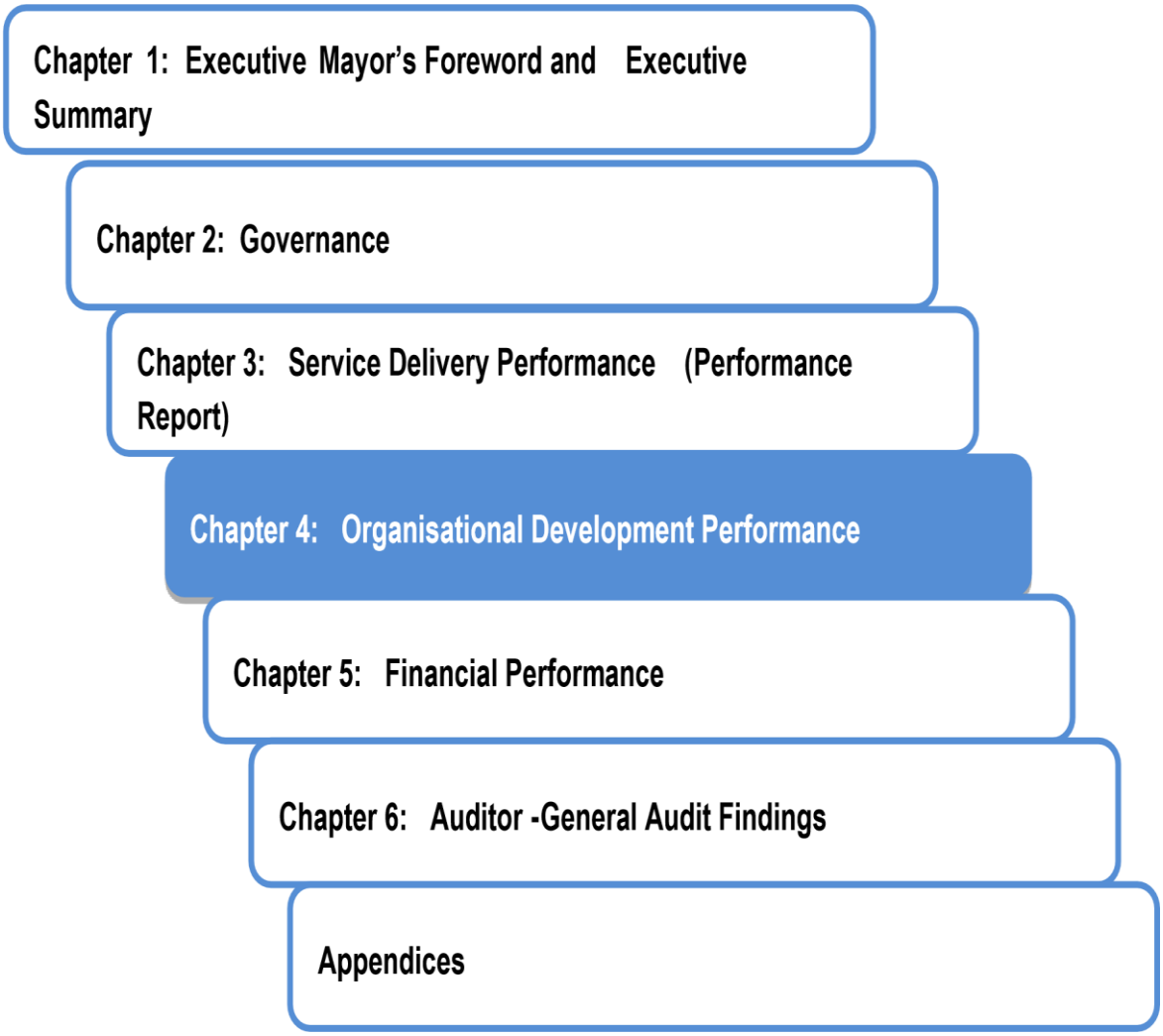
SDF – SPATIAL DEVELOPMENT PLAN -(P) DEVELOPMENT PLANNING

PROJECT	STATUS AS AT 30/6/2019	REASONS FOR VARIANCE AND MEASURES TAKEN TO IMPROVE PERFORMANCE
KPI 145# Housing sector plan: HSP is in the procurement process on 30/6/2019	The HSP had not been budgeted for by the Municipality with the hope that the Department of Human Settlement will fund the review.	HSP is budgeted for in 2019/20 and has been advertised HSP will commence review in October 2019
KPI 141# SDF review preparation: SDF Procurement processes were completed by 30/03/2019. The first SDF inception meeting & report by 30/3/2019	This is a 2-year project and the inception meeting was held in March 2019.	Capacity has been improved with the employment of a Town planner and an Intern Planner to speed up Town Planning matters

E) NKPA: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

PERFORMANCE AGREEMENTS OF S56/54 MANAGERS – MM

PROJECT	STATUS AS AT 30/6/2019	REASONS FOR VARIANCE AND MEASURES TAKEN TO IMPROVE PERFORMANCE
KPI 225# Performance agreements of s54/56 Managers Submitted performance 04 agreements by 14th August 2018.	The two HODs were employed in the final quarter of 2018/2019 thus their P.A. were concluded in June 2019.	The extension for submission of performance agreements for 2018/2019 was extended to the 14th of August 2018.



CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

The capacity of a Municipality to deliver on its developmental role rests upon the personnel, the municipal administrative element and how it relates to the political component of the Municipality. The resources available, the skills to deliver its developmental programmes. As such the section is concerned with the overall institutional environment in the Municipality. Programmes and projects in this plan have been formulated in order to improve efficient and effective operations. Below are some of the key issues that fall within the department that is responsible for institutional development in the Municipality.

4.1 ORGANIZATIONAL DEVELOPMENT

It is divided into two components:

a. Council:

Council is the structure in which the executive and legislative authorities of a Municipality are vested. The roles of Council amongst others are the approval of policies, budgets, by-laws etc. There are 37 Councillors which include the Mayor, Deputy Mayor and the Speaker. There are 8 members of the Executive Committee and 29 ordinary Councillors. Council is made of 13 female Councillors which is a sign that transformation is occurring which is admirable of a rural male dominated community.

b. Administration:

Administration under the leadership of the Accounting Officer; the Municipal Manager, Mr Senzo Sokhela. The Municipality has five administrative departments, all four being headed by relevant Directors including the Chief Financial Officer and the fifth is headed by the Municipal Manager. The Municipal Manager is responsible for the efficient and effective operations of all departments. The Head of departments are all employed in terms of a five-year contract (s 54/56). All six critical positions (s 54/56) are currently filled.

4.2 POWERS AND FUNCTIONS

The Municipal Systems Act clarifies several issues relating to municipal powers, functions and duties. A Municipality has all the functions and powers assigned to it in terms of the Constitution. It also has the right to do anything reasonably necessary for, or incidental to the effective performance of its functions and the exercise of its powers. National and provincial government assigns additional functions and powers to local government, which are best, exercised at a local level and this helps to ensure that the three spheres of government work in a co-ordinated way. In terms of the Municipal Structures Act as well

as the Constitution (1996), specific powers and functions are assigned to District and Local municipalities respectively. The uMsinga Municipality is performing the powers assigned to it in terms of that legislation as deemed necessary at this stage and these are highlighted in the table below.

FUNCTION	LEVEL OF AUTHORITY	PERFORMING / NOT PERFORMING
Water and Sanitation	uMzinyathi District	Yes, through Thukela Water Partnership
Roads and Storm water	uMsinga	Yes – in towns. Upgrading of local access roads
Air Pollution	uMsinga	No
Building Regulations	uMsinga	In Pomeroy only
Child Care Facilities	uMsinga	Yes
Fire Fighting	uMsinga	Shared with district
Local Tourism	uMsinga	Yes
Municipal Planning	uMsinga	Yes
Public Transport	uMsinga	No
Trading regulations	uMsinga	Yes (process of formalising street traders is underway)
Billboards	uMsinga	Yes
Cemeteries, Crematoria and Funeral Parlours	uMsinga	Partially – no crematoria. Private funeral parlours
Cleansing	uMsinga	Yes
Control of Nuisances	uMsinga	No
Control of Undertakings that sell Liquor to the public	uMsinga	yes
Facilities for the accommodation, Care and burial of Animals	uMsinga	No
Fencing and Fences	uMsinga	No
Licensing of Dogs	uMsinga	No
Licensing and control of undertakings that sell food to the public	uMsinga	No
Local amenities	uMsinga	Yes

FUNCTION	LEVEL OF AUTHORITY	PERFORMING / NOT PERFORMING
Local sports facilities	uMsinga	Presently performed by the District
Local markets	uMsinga	No
Municipal abattoirs	uMsinga	No
Municipal Parks and Recreation	uMsinga	No
Municipal roads	uMsinga	Yes
Noise pollution	uMsinga	No
Pounds	uMsinga	No
Public places	uMsinga	Yes
Refuse removal, Landfill sites and solid waste disposal	uMsinga	Yes
Street trading	uMsinga	No
Street lighting	uMsinga	No
Traffic and parking	uMsinga	No

4.2.1 UMSINGA MUNICIPAL POWERS AND FUNCTIONS

4.2.1.1 Organizational structure/ Organogram

The municipal organizational structure has been adopted by Council on the 28th June 2019 and is attached as an annexure.

4.2.1.2 Municipal institutional capacity & status of critical posts

100 % of all critical posts at uMsinga Municipality are currently filled; it's the Section 56/54 posts, which are Municipal manager, Director of Development Planning, Director Technical Services, the CFO, Director Corporate Services, and Director of Community Services.

4.2.1.3 Human Resource Development

The list of employees who will receive training in 2018/2019 has been compiled to remedy the gaps identified in 2017/2018 financial year.

4.2.1.4 Training and Skills Development

Training and development of staff and Councillors is on-going. A Work Place Skills Development Plan has been compiled and was approved by the LGSETA. Up to this time the Mayor, three senior managers and the Municipal Manager have successfully completed the Executive Leadership Development Programme offered by SALGA. Training needs of staff are identified and where funding is available, the staff attends training courses as well as seminars and workshops. A key aspect of the Institutional component is the continuous development of the capacity of the Municipality and its officials. In particular, the capacity to plan, implement, monitor and evaluate the development programmes as set out in the IDP.

Skills profile:

- 4% employees have NQF level1- general workers and drivers
- 27% employees have NQF level 3-general workers and clerical
- 5% employees have NQF level 6-8- Directors and senior management
- 44% employees have NQF level 4-5 – senior personnel

The Municipality has an internship programme focussing on LGSETA scarce skills such as audit, finance, supply chain, and civil engineering. Skills priority for 2018/2019 is as per table below.

4.2.1.5 Employment Equity

An Employment Equity Policy has been adopted by the uMsinga Municipality. uMsinga Municipality is an equal employer with targeted groups represented in various layers of the municipal structure. There have been remarkable changes in the administration as all HODs as at 30 June 2018 were black males, while women occupy the middle management. In 2018/2019 the new HODs changed the face of the municipal administration with two female HODs added to the staff complement. A total of 2% of the staff complement is disabled. As at 30 June 2019 there was no non-African employee in a total staff complement of 1366 employees.

EEP COMPLIANCE	STAFF COMPLEMENT	
Number of vacant posts (critical posts)	0	
Total employees to date	Contract	38
	Councilors	36
	Volunteers	18

EEP COMPLIANCE	STAFF COMPLEMENT	
	Securities	95
	Peace Officers	29
	Finance Interns	05
	In-Service Training	0
	Environmental Interns	07
	Ward Committees	190
	Food for Waste Programme	130
	Siyazenzela	958
	Alien Plant Removal	0
	Total	1505
Permanent staff	133	
Disabled	03	
Males	173	
Females	97	
Management (s56/57)	06	
Employees under 35 years of age	136	
Employees over 35 to 55 years of age	136	
Employees above 55 years of age	35	

POLICY	STATUS
HUMAN RESOURCE MANAGEMENT	
Recruitment selection appointment promotion and transfer of personnel	Operational
Employment equity	Operational
Subsistence and travel	Operational
Payment of overtime	Operational
Grievances	Operational
Working hours	Operational
Transport allowances	Operational
Homeowners allowance	Operational
Sexual harassment	Operational

POLICY	STATUS
HIV/Aids	Operational
Leave	Operational
Discipline	Operational
Salaries	Operational
Termination	Operational
Occupational health and Safety	Operational
Maternity	Operational
Communication Strategy	Operational
FINANCE	
Petty cash	Operational
Supply chain management	Operational
Asset management	Operational
Fleet management	Operational
Investment and cash management	Operational
Credit control and debt collection	Operational
Information communication and technology	Operational
Contract management	Operational
Blacklisting	Operational
Loss control	Operational
Land asset disposal	Operational
Risk management	Operational
Virement	Operational
Budget	Operational
Travel and subsistence	Operational
Store management	Operational

TABLE 51: MUNICIPAL POLICIES

4.2.1.6 COUNCIL COMMITTEES

Council Committee are comprised of the following:

- Executive Committee: This committee meets monthly

- Finance Portfolio Committee
- Administration Portfolio Committee
- Technical Services Portfolio Committee
- Planning Portfolio Committee
- Community Services Portfolio Committee

The above committees conduct bi-monthly meetings

- MPAC
- Audit Committee
- Housing Forum

The above committees meet Quarterly. All of the portfolio committees are chaired by members of the Executive Committee.

4.2.1.7 RISK MANAGEMENT

Risk management derives its mandate from the following legislation and corporate governance guidelines Section 62(1)(c)(i) of the Municipal Finance Management Act 56 of 2003 (MFMA), which prescribes that the accounting officer must ensure that the institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Section 3.2.1 of the Treasury Regulations which further prescribes that: "the accounting officer must ensure that a risk assessment is conducted regularly to identify emerging risks of the institution. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. The strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the institution.

King Report on Corporate Governance for South Africa 2002, which applies to "public sector enterprises and agencies falling under the Public Finance Management Act and the Municipal Finance Management Act…"

Provincial Treasury conducted enterprise Risk management Framework compliance at uMsinga Municipality on the 18 February 2013 and made recommendations in the form of actions that require management to improve compliance. Among the matters that require attention is

- Approval of the ERM framework by Council
- Establishment of Risk Management Committee
- Schedule Risk Management meetings
- Approval of Fraud Prevention policy by Council

- Communication of risk Management and Fraud policies to officials
- Risk management training
- Ownership of the risk register by key officials
- Audit committee's review of the Municipality's risk profile
- Internal Audits evaluation of risk management processes

An action plan to fix the identified risks has been put in place, to assist the Municipality with the required expertise the Provincial treasury is assisting with practical implementation of effective risk management activities.

The organisational development function falls under the Human Resource Department. Its main objectives are to manage organisational design and business modelling, coordinate culture and change management, administer job descriptions, job evaluation system management and to develop and maintain an effective employee efficiency system and awards process. Its focus is also the development of employees to ensure that uMsinga Municipality has a skilled workforce.

4.3 INTRODUCTION TO THE MUNICIPAL PERSONNEL EMPLOYMENT EQUITY

The Municipality has been fortunate to attract highly skilled senior managers and a Municipal Manager to head the organisation. All Directors posts and Municipal Manager were appointed and all critical vacancies have been filled in 2018/2019.

4.4 MANAGING THE MUNICIPAL WORKFORCE

The Municipality has been fortunate to attract highly skilled Senior Managers and a Municipal Manager to head the organisation; and to populate the new structure with suitably qualified employees in the posts on the new organogram. The focus of the Municipality in the second semester of the financial year was on staff morale. Many of the employees were unhappy because of not having information on Job evaluation that left other employees unhappy. Employees have also been encouraged to amend their job descriptions and also been consulted on the proposed new structure. Employees who have been waiting on their TASK outcomes letters were also given their letters between December 2017 and February 2018. The outcomes of the new job evaluation put a strain on the budget because the Municipality had not made a provision for salary increases in the 2017/2018 financial year. In the 2018/2019 financial year budget provisions were made and salary increases were implemented successfully.

No deaths or major injuries at work were experienced in the reporting period. The Health and Safety Officer and line management are encouraged to continuously increase awareness amongst employees

in order to minimise the occurrence of injuries. Accredited training in respect of Occupational Health and Safety is 3 implemented annually for health and safety representatives and employees. This assists in increasing awareness and reduces health and safety accidents. Personnel records of the number of sick leave instances are recorded and kept in the HR or payroll system. Trained first aiders are available at all sections and first aid kits are provided and continuously replenished to ensure that first aid is applied in the case of an incident occurring. No employee suspensions occurred in the 2018/2019 financial year.

**All permanent employees, except the Municipal Manager and the Senior Managers reporting directly to him, receive a 13th cheque as part of their contract of employment.*

4.4 PERFORMANCE REWARDS

Performance bonuses for the 2016/2017 financial year were not paid out to the Municipal Manager and four Senior Managers reporting directly to him during the 2016/17 financial year. Provision was made for the 2016/17 performance bonuses to be paid out in the 2017/18 financial year to the MM and the five Senior Managers reporting directly to him. The bonus was not paid out to s56/54 managers because during the 2017/18 financial year the Municipality experienced unprecedented changes on the management levels which disrupted normal functioning and bonuses were delayed pending legal advises.

All other permanently employed staff were entitled to a 13th cheque that was paid out to them, the 13th cheque is a contract of employment benefit and is not subject to a performance evaluation. However, a 13th cheque may be withheld but only as a punitive measure based on a found guilty sanction imposed in a disciplinary process.

4.5 CAPACITATING THE MUNICIPAL WORKFORCE

The Municipality continuously prioritizes education, training and development in order to ensure that its employees acquire necessary knowledge, skills and competencies that enables advancement of its strategic mandate. The below focus areas were successfully implemented during 2018/2019 and has set a tone for uMsinga Municipality as a learning organisation:

- Implementation of the Workplace Skills Plan 2018/2019 and ninety-nine percent (99%) incurred expenditure from the Council Training Budget;
- LGSETA Discretionary Funding 2018/2019 approval granted towards twenty-four (29) learning programmes initiated for the financial year. The programmes are full qualifications and learnership's targeting critical municipal areas like Integrated Development and Planning, Financial Viability, Infrastructure and Community Development; and

- Implementation of Employee Bursaries Programme 2018/2019 work Integrated Learning and Vacation Work for students, and Mayoral Bursary Programme for unemployed students / youth.
- 270 ward committee were trained with DCOGTA s assistance.

4.6 MANAGING THE WORKFORCE EXPENDITURE

4.6.1 INTRODUCTION TO WORKFORCE EXPENDITURE

Accountability and transparency are important when managing workforce expenditure. It is important to ensure that the Municipality plans to use their human capital effectively, efficiently and economically. To ensure that the Municipality adheres to legislation, only approved and budgeted posts on the structure are advertised. All positions are advertised on the Municipality's website and in the local media. This also applies to bursaries. Advertising in other media is based on the target market for the post. This saves on advertising costs and in the electronic age gives easy and quick access to applicants. uMsinga Municipality strives to appoint employees who share the vision of" striving to achieve corruption free, eradicating poverty, enhance integrated and sustainable development" and who will add value to the organisation. The training and development of internal staff is aimed at ensuring that they are able to perform their duties better.

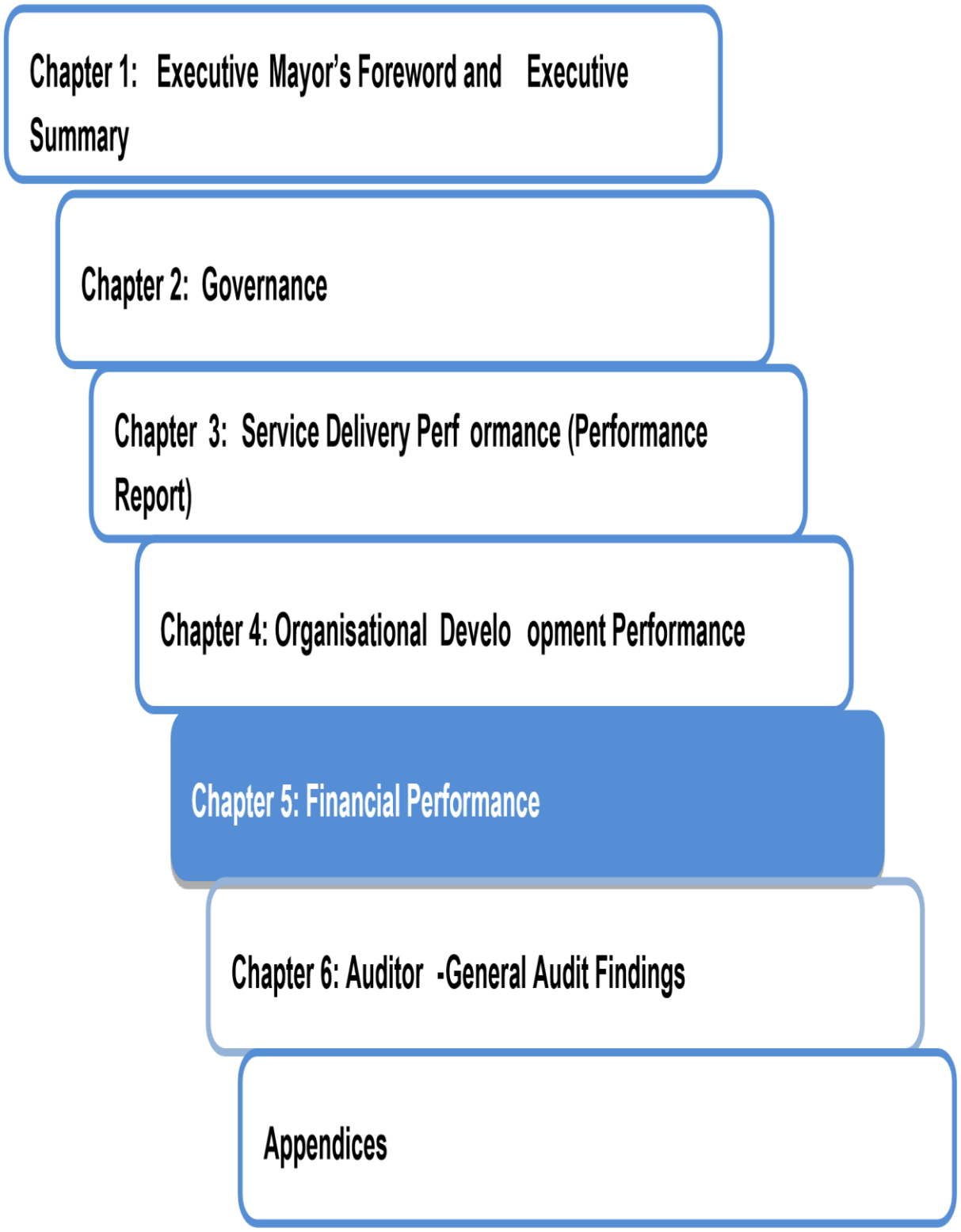
4.6.2 COMMENT ON WORKFORCE EXPENDITURE

uMsinga Municipality's workforce expenditure of 2016/2017 account for R 29 891 272 and increased in 2017/2018 financial year to **R 37 637 537.** For the financial year of 2018/2019 **R52531 244**. The figure stated above excludes remuneration of s54/56 employees.

The HODs S56/54 remuneration packages are individually disclosed in the AFS because their appointment into the office determined their remuneration in 2018/2019. All S54/56 were paid according to the grade 1 of the official gazette published on the 08 November 2018 and also receive other benefits as per the municipality's policies as stated in the AFS pages 39 and 40.

4.6.3 DISCLOSURES OF FINANCIAL INTERESTS

Disclosures have been made by officials and Councillors concerning their financial interests, as required by Municipal Performance Regulations 805 of 2006 and are set out in Appendix I. No transgressions due to financial interests occurred.


Chapter 1: Executive Mayor's Foreword and Executive Summary
Chapter 2: Governance
Chapter 3: Service Delivery Perf ormance (Performance Report)
Chapter 4: Organisational Develo opment Performance
Chapter 5: Financial Performance
Chapter 6: Auditor -General Audit Findings
Appendices

CHAPTER FIVE: FINANCIAL PERFOMANCE

5.1 ANALYSIS OF FINANCIAL STATEMENTS

We have conducted analysis of financial information taking into account the four past financial years starting from 2015 to 2018 financial years for UMsinga Municipality. The source documents utilized for financial review is depicted by the table below:

The Annual Financial Statements submitted have been prepared in accordance with the Standard of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standard Board.

5.1.1 REVENUE

UMsinga Municipality has experienced a regular increase in operating revenue from 2015 to 2016 with R30m. however the Municipality had a decrease in 2017 and 2018, R29.8m and R1.3m respectively. The decrease in revenue is as a result of decrease or low government grant allocation from fiscus due to economic situation in the world across. The total government grant allocation for the current year, 2018/2019 is R333 (2018: R208m).

Therefore, the Municipality is optimistic that its operations won't be affected in the foreseeable future.

5.1.2 SURPLUS

UMsinga Municipality has experienced a steady increase in surplus from 2016 to 2018 with R98m in 2016 R10.3m in. The increase in surplus maybe directly linked to the progressive increase in total revenue in proportion to the operating costs over the period.

5.1.3 OPERATING COSTS

The operating costs varied with 80%, 74%, 95% and 96% in 2015, 2016, 2017 and 2018 respectively of the corresponding revenue.

5.1.4 OPERATING PROFIT

The Municipality has been experiencing reasonable operating surplus from 2015 to 2018 with operating profit of R33 in 2015, R58.2m in 2016, R8.9m in 2017 and R6.6m in 2018. The operating surplus for the year-to-date figures for each show that the Municipality does not exceed its revenue every year since 2015.

5.2 REVIEW OF THE STATEMENT OF FINANCIAL POSITION

In performing financial statement analysis, we reviewed the past financial statements of uMsinga Municipality and the supporting schedules. We particularly focused on the liquidity of the Municipality and its ability to generate cash as well as the firm's access to credit facilities.

5.2.1 WORKING CAPITAL

The Net working capital or working capital is defined as current assets minus current liabilities. It is a measure of both a company's efficiency and its short-term financial health or status.

5.2.1.1 KZN244 Msinga Table C4 Monthly Budget Statement • Financial Performance (revenue and expenditure) - M12 June

Year

DESCRIPTION R THOUSANDS	REF	2017/18 AUDITED OUTCOME	ORIGINAL BUDGET	ADJUSTED BUDGET	MONTHLY	BUDGET YEAR TD ACTUAL	2018/19 YEAR TD BUDGET	VARIANCE	VARIANCE	FULL YEAR FORECAST
Revenue by Source		13 085	12 000	17 235	1764	489	17 235	i 234	7%	17 235
Property rats		127	500	500	42		500	4	1%	2700
Service diarges • ebctidb' revenue Service		427	450				705			
dwges waer revenue		4007	350	2700	88	1 740	2700	(960)	-33%	
Servbe charges - saniün revenue			2700							152928
Servbe charges - reti* revenue			12 oco							614
Servbe dwges - oher				152 928		152928	152 928			
Renbl offaciites and equipment		17B 939		614	2	4272	614	3 658	596%	

DESCRIPTION R THOUSANDS	REF	2017/18 AUDITED OUTCOME	ORIGINAL BUDGET	ADJUSTED BUDGET	MONTHLY	BUDGET YEAR TD ACTUAL	2018/19 YEAR TD BUDGET	VARIANCE	VARIANCE	FULL YEAR FORECAST
- exbrnal investrpnb - ou&nding debbrs and trÉiS LEonces and perrriÉ Agency servbes Tranårs and Oher revenue Gains on disoosal of PPE			207 118							
Total Revenue (excluding capital transfers and contributions		196 585	235118	174682	1 894	178 618	174 682	3 937	2%	174

- It must be appreciated that the property rates budget of RI 7 235m indicate immaterial variance with the YTD actual of RI 8 469m. It also indicates that the corrective measures taken during the adjustment budget we prudent, and an indication of good financial management by the Municipality.
- Refuse revenue budget of R500 000 also indicates that it was well speculated. The year to date actual of R504 000 lead to a variance of only 1 This is in line with the revenue budget principles, that the budget forecasts must be representative of what could be really happen in practice.

- It must be noted that the YTD actual for Rental of Facilities of R705 000 represents the actual amounts received, it does not represent billed amount. The Municipality is supposed to be billing Rental of Facilities. This also means that the exact above figure will appear on the Cash Flow.
- The interest on investment indicate an under performance of 36%. This does not suggest that the Municipality is not efficient in this regard. What must be understood is that invested funds are on the short term or call account bases, this ensures that the Municipality has accessible cash reserves. This talks to the priorities of the Municipality in terms of ensuring that there is sufficient liquid cash to meet both expected and unexpected needs.
- Other Revenue indicate over performance of 596%. This over performance indicate that the YTD actuals out performs the forecasted budget. The analysis conducted indicated that Vat Returns were mistakenly omitted from the budget. This trend will be reflected upon for future budget purposes.

5.2.1.2 EXPENDITURE AND CAPITAL TRANSFERS

Description R thousands	Rd	201711B kudtted Oltcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year2018/19 Year TD actual	YearTD budget	variance	variance	Full Year Forecast
Ex enditureB T e Enpbyee rehbd coé Renuneraion of mundhrs Debt itrpürrent Depredafon & assetinpatnmt åarges Buk purdlases Oher tnaerias Contactd services Tran±rs and subSdbs Oher expendiürø Loss on d sal ofPPE		41 062 3 302 21 496 560 8424 99 806	52 549 9925 400 9528 54 773 5 007 10 098 92 393	61 381 9 381 22 014 63 513 55 836	5 026 961 28 064 1 835 42 12722 5622	61 538 11 843 28 064 22014 417 49 916 46 678	61 381 9 381 22 014 500 63 513 55 836	157 2463 25 064 (83) (3 787) (13597) (9 15B)	835% -17% -16%	61 381 9 381 22 014 500 63 513 55 836
Total Ex enditure		188869	234 673	227 325	55 589	22B 384	227 325	1 059	0%	227 325

Surplusl(Deficit) Tran±rs and subSdks - capu (rmrüy atbcåns)		7 716 38 032	445	(52 643) 57 415	(53 695)	(49 765) 57 415	(52 643) 57 415 4 772	2878		(52 643) 57 415
(Naional / Provhcial and Tran±rs and subSdbs • capä abcüns)		45748	37	4 772	(53 695)	7 650				4 772
(Nånal I Provhcial DepartTEnbl Agendes, Household sa Nonproit PrWab Enbryises, PubZ Corporabns, Héher Educabnal Iniüions) Tran±rs and subédies - capitl (in-kind - al)		45 748	37 160	4772	(53 695)	7 650	4 772			4 772
Surplus/(Deficlt) after capital transfers & contributions Taxaion Surplusl(Deficlt) after taxation Atibubbb b ninorifes Surplusl(Deficit) attributable to Municipality Share of upw dei of asodae		45 748	37160	4 772	(53 695)	7 650	4 772			4 772
Surplus' (Deficit) for the year		45748	37160	4 772	(53 695)	7 650	4 772			4 772

5.2.1.3 REVENUE NARRATIVE STATEMENT:

- Notable is the 26% variance on Remuneration of Councillors, The variance indicate an over performance over budget. It was noted in previous report that the main reason for this relative additional was infected by the change of the Municipal grade, which meant that there has to be an additional monetary provision for Council. The upper limit outcomes were implemented after the adjustment budget period.
- Debt Impairment, on the 2019/06/10 the Council took a resolution to write-off irrecoverable debtors. This was also done together with the approval of Data Cleansing Report. It must be noted that this is a non-monetary transaction and no physical cash transactions were affected.
- Another notable item are transfers and subsidies, both capital and operational. I must be noted that the Municipality has received all the gazetted transfers and subsidies from both National and provincial government.

GRANTS:

Details	GRANT REGIST Grant Received To Date	Allocation as per (Dora)	Column2 Total Expenditure
Municipal Infrastructure Grant (MIG)	36 715 000.00	36 715 000.00	36 715 000.00
Financial Management Grant (FMG)	1 900 000.00	1 900 000.00	1 904 323.89
Library Grant	1 061 000.00	1 061 000.00	1 061 000.00
Integrated National Electrification Programme (INEP)	20 700 000.00	20 700 000.00	20 700 000.00
EPWP	4 394 000.00	4 394 000.00	4 394 000.00
EQS	145 573 000.00	145 573 000.00	131 000 000.00
SPORTS GRANT	1 333 333.00	1 333 333.00	1 333 333.00
TOTALS	210 343 000.00	211 676 333.00	197 107 656.89

It must be noted that the Municipality received all gazetted grants. Notably is the issue of conditional grants. It must be noted that the Municipality has spent all its conditional grants however there was a concern on the slack experienced on executing conditional grants projects. Proper management of these projects it's so crucial for this Municipality. Failer to execute grant funded projects has serious consequences on the budget power of the Municipality.

INVESTMENTS

The table below indicate the status of Municipal investment as then of June 2019.

UMSINGA LOCAL MUNICIPALITY INVESTMENTS

PERIODENDOFJUNE2019

NAME OF THE BANK	AMOUNT INVESTED	ACCOUNT NUMBER	INTEREST RATE
FNB	R1 404 355.80	62778819303	5.75%
FNB	R1 028 880.21	62499591777	
ABSA	R665 941.85	2064443721	6.82%
ABSA	R637 518.29	2076957671	6.82%
STD BANK	R10 000 000.00	348466013-001	7.50%
STD BANK	R10 153 751.31	348466013-008	7.60%
STD BANK	R 1 333 333	62219979	7.50%
TOTAL INVESTMENTS	R25 223 780.46		

As depicted in the table above, the table indicate that the Municipality had R25 223m cash backed reserved invested in commercial bank within the boundaries of MFMA.

- It must be noted that this cash flow does not represents audited figures. The Cash Flow indicate that the Municipality closed the year that has just ended on financially stable position, the Municipality closed the year with the Cash and Cash Equivalent of R25 081m.
- The Municipality should maintain a healthy cash backed reserves. The future is not 100% predictable. The Municipality must at all times be in a position to deal with unexpected situations.
- Senior perform proper market research interns of market related prices on projects and items they want to procure. That the budget paper file with business plans are submitted together for budget inputs. This will encourage proper financial planning and will ensure that the Municipality receive value for money on approved budget.

5.3 SUPPLY CHAIN MANAGEMENT

- 227 tenders were awarded in 2018/2019 amounting to R21 347 542.95
- Local businesses were the biggest beneficiaries in terms of contracts awarded
- We are monitoring the performance of service providers and nonperforming suppliers.
- We are also linked to the Centralised Supplier Database (CSD) developed by National Treasury and we are only doing business with suppliers and service providers accredited by the CSD
- The Municipality is in support of the green economy and more support will be provided to the green products
- Ultimately, the key is to ensure that our ratepayers get better bang for their buck

There have been several improvement initiatives undertaken within the procurement:

- Monthly meetings where we monitor progress on project under construction and rate supplier performance
- Training of staff and municipal Council on Supply Chain management and contract management
- Improved internal controls to reduce fraud and corruption
- Benchmarking of prices of goods and services to ensure value for money
- The Municipality fully implement the reviewed PPPFA Regulations and more contracts are to be awarded and set aside for previously disadvantaged communities including women, people living with disabilities and youth owned businesses

The current economic climate is a concern. The Municipality has invested hugely in infrastructure and achieved 100 percent expenditure on the Municipal Infrastructure Grant and Integrated National Electrification Programme (INEP) Grant. Accordingly, the Municipality is committed National Treasury's approach of fiscal consolidation which means reducing debt, improving productivity, and enhancing revenue collections. UMsinga Municipality is one of the underdeveloped in terms of infrastructure. However, we want to partner with local businesses and create more opportunities for our communities. We are committed to creating a conducive environment for existing businesses and an enabling environment for new businesses. Job creation and growing the economy are our key focus.

5.4 INTERNAL AUDIT

Internal Audit Committee: An internal auditor unit has been created internally and at present it consists of three members. The Municipality has reviewed the internal audit chatter to include the scope of the work and accountability in line with circular 65 and to comply with IAA standards. In an attempt to iron out all concerns raised by Auditor General for the year under review the Municipality has requested KZN Treasury, Auditor General and COGTA financial management unit to take part in Audit Committee meetings to ensure the municipal performance is audited in line with all the required pieces of legislation.

The municipal Internal audit unit is new and needs further capacity as per Auditor general's findings.

5.4.1 AUDIT COMMITTEE

Report of the audit and performance committee to the council of Msinga municipality for the quarters ending 30 June 2019 & 30 September 2019.

The Msinga Municipality's Audit and Performance Committee (AUDCOM) present its report to the Council for the quarters ending 30 June 2019 and 30 September 2019.

5.4.1.1 Mandate

The Msinga Municipality established an AUDCOM in terms of section 166 of the MFMA, section 14(2)(c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations) and MFMA Circular No. 65 issued by the National Treasury in November 2012. Consideration has also been given to the recommendations contained in the King Report on Governance for South Africa 2017 (King IV).

5.4.1.2 Members and attendance at meetings

The AUDCOM is comprised of 5 independent, external members and the AUDCOM members are Mr M Langa (Chairperson – Audit Committee), Ms Z Khanyile (Chairperson – Performance Committee), Mr V Tembe, Mr M Madonsela and Mr N Mchunu. The AUDCOM is required to meet at least 4 times per annum, in line with S 166 of the MFMA. Members' attendance at the meetings is detailed below:

Name	No of Meetings Attended	21-May-19	28-May-19	15-Aug-19	20-Aug-19	27-Aug-19
Mr M Langa	5	✓	✓	✓	✓	✓
Ms Z Khanyile	5	✓	✓	✓	✓	✓
Mr V Tembe	3		✓		✓	✓
Mr M Madonsela	5	✓	✓	✓	✓	✓
Mr N Mchunu	3	✓		✓		✓

Apologies were received from members for meetings where they were unable to attend.

5.4.1.3 Responsibility

The legal responsibilities of the AUDCOM are set out in terms of section 166 of the MFMA and operate within the terms of the Audit and Performance Committee Charter approved by the Council.

In the conduct of its duties, the AUDCOM has performed the following statutory duties relating to the quarters ending 30 June 2019 and 30 September 2019:

5.4.1.4 Internal Audit Reports

The following reports were tabled before the AUDCOM during this period:

- Indigent Support
- Insurance
- Asset Management
- Section 71 reporting (Q3 & Q4)
- AG follow up
- Fleet Management
- ICT
- MSCOA
- Contract Management
- VAT
- Leases
- Bank and Investments
- Expenditure
- Payroll

- Performance Management (Q3 & Q4)

The AUDCOM noted the reports tabled and where necessary, we expressed our uneasiness on those reports containing high risk findings, especially if they could ultimately impact on the non-compliance with legislation and possible misstatements in the financial statements, and management has begun to address the weaknesses identified.

5.4.1.5 Internal Audit Progress on the 2018/19 Approved Plan

As at 30 September 2019, the internal audit team had completed almost all the audits in terms of the approved plan and a few assignments had to be moved to 2019/20 with reasons given for such. Given the backlog of the assignments against the plan that had to be cleared within a limited timeframe, concerns were raised by the AUDCOM on the nature and extent of some of the reports presented at the meetings and in some instances, the reports had to be resubmitted after the corrections or updates had been made.

The AUDCOM would like to commend the internal audit team (both in-house and co-sourced staff) for their dedication and hard work in driving progress against the approved plan.

The AUDCOM has noted the 2019/20 internal audit plan presented during these quarters and has since approved the plan for execution. The plan is appended to this report.

5.4.1.6 2019/20 IDP, SDBIP & Budget Review

Part of the mandate for the AUDCOM involves the review of the strategic planning documents such as the IDP, SDBIP and Budget. These documents were presented to the AUDCOM for review, however the AUDCOM raised concerns about the inadequate time given for the review as well as the content of these key documents. As a result, the AUDCOM noted these documents with concerns and recommends that in future, sufficient time should be afforded to the process of developing and review of these documents.

5.4.1.7 Annual Financial Statements & Performance Report – 2018/19

As legislated in the MFMA, the municipality must submit the annual financial statements and annual performance report by 31 August. Prior to this submission, the AUDCOM, with the assistance of internal audit, must review the AFS and APR for accuracy and completeness.

The AUDCOM reviewed both the AFS and APR as initially submitted for our consideration. There were a number of corrections that were suggested from the initial review, the majority of which were subsequently corrected by management. The management & staff must be commended for their role in the preparation of both the AFS and APR, as well as the internal audit team for their review.

5.4.1.8 Auditor-General of South Africa (AGSA) Audit Report – Corrective Action Plan

During these two quarters, the AUDCOM has been tracking closely the corrective action plan that was prepared by management. It has been pleasing to see a number of items in the plan being resolved while the remainder has been in progress. The AUDCOM certainly hope that in future, the items of the action plan will be cleared sooner in the quest for achieving a Clean Audit outcome.

5.4.1.9 Risk Management

The AUDCOM is responsible for overseeing management's risk framework and policies and discussing the Municipality's key risk exposures with management.

The AUDCOM was presented with the latest updated risk registers, which indicated progress made on the mitigating controls implementation. Majority of the gaps previously noted by the AUDCOM have been addressed, which have resulted in significant improvements in the layout and content of the risk registers. The AUDCOM therefore would like to commend management together with the Risk Management Committee for their commitment in driving the risk management process.

5.4.1.10 Human Resources

The AUDCOM has been presented with reports detailing appointments, terminations, vacancies together with the recruitment plan, skills development programmes, among other things. For the period under review, the AUDCOM was pleased that the vacancies of key positions for Director: Technical Services and Director: Development & Planning.

5.4.1.11 Compliance with Laws and Regulations

As it has been reported previously, the municipality has been exploring the best way it can track and manage compliance with legislation applicable to it. This involved looking at how other municipalities are best managing this process and the tools they are using. Management, with the advice & guidance of Mr V Tembe (AUDCOM member), has developed a draft framework in this regard and this will remain as work in progress as the team is developing this further.

5.4.1.12 AUDCOM session with the Accounting Officer

The AUDCOM had a one on one discussion with the municipal manager to discuss certain areas of concern as well as improvement in the functioning and impact of the AUDCOM. The municipal manager noted these areas and has since developed an action plan to address the areas noted. It is pleasing to see that there are improvements already being observed and the AUDCOM hopes that the management will be consistent in driving this action plan for more positive results.

5.4.1.13 Follow up on key issues and recommendations

- The Municipal Manager should ensure that recommendations of internal and external audit are implemented as per the action plans and report progress on a quarterly basis.
- Management must implement and monitor the Combined Assurance Model regularly. A comprehensive report must be given to the Council so that progress is tracked on its implementation. This area has not received the full attention it deserves so far.

- The Council should continue to monitor progress with the performance against planned objectives on a monthly basis to improve on the actual achievements based on adequate supporting documentation. In addition, there must be timeous submission of the information by the various departments within the municipality.
- Management must closely monitor compliance with Laws and Regulations throughout the year.

On behalf of the Audit Committee

_____ (Chairperson)

MM LANGA

5.4 MAYORAL PROGRAMME OF ACTION PHASE ONE (1) MSINGA MUNICIPALITY: AUGUST 2018 – APRIL 2019

DATE	WARD	VENUE	ACTIVITY/ FUNCTION TO BE CONDUCTED
27/09/2018	01	Mpondweni Hall	Handover of Douglas taxi rank and Mkhuzeni community halls, Delivery of 2018/2019 Budget and IDP. Turning of sod for Ntanyezulu community hall, Mpompolwane crèche and two roomed houses (Bhengu family).
04/10/2018	02	Bhaza Hall	Handover of Bhaza & Gobho community halls, Mzweni P2 electrification, Delivery of 2018/2019 Budget and IDP. Turning of sod for Mzweni electrification, Renovation of Mthintandaba school & construction two roomed houses (3 families)
18/10/2018	03	Mkhamo Hall	Handover of Siqhingini and Dlenyane community halls, Delivery of 2018/2019 Budget and IDP. Launch of new projects. Turning of sod for construction of 2 classrooms at Swebane school & Swebane crèche
01/11/2018	04	Sampofu (Zondo Store)	Handover of Nkandla community hall, two roomed houses (3 families) Delivery of 2018/2019 Budget and IDP. Turning of sod for construction of Ezibomvini hall and two roomed houses (3 families)
5/11/2018	05	Mhlakothi school	Handover of Machobeni and Osuthu community hall, Delivery of 2018/2019 Budget and IDP. Turning of sod for construction of Mbabane hall
22/11/2018	06	Mashunka Flagship	Handover of Makhuphula community hall, Mashunka Taxi Rank and Delivery of 2018/2019 Budget and IDP. Turning of sod for construction of Mathengwenya hall and 2 classrooms at Buhayika school.
06/12/2018	07	Ezihlabeni school	Handover of Nondela and Mshafuthi community halls, Delivery of 2018/2019 Budget and IDP. Turning of sod for construction of Ezihlabeni & Jojingwenya halls.
20/12/2018	17	Pomeroy sport field	Maskandi competition by all wards
27/12/2018	04	Ebhubesini hall	Isicathamiya competition by all wards

DATE	WARD	VENUE	ACTIVITY/ FUNCTION TO BE CONDUCTED
17/01/2019	08	Ntanyana hall	Handover of Nokopela and Mkhuphula community halls, Delivery of 2018/2019 Budget and IDP. Turning of sod for construction of Bhodlendlini hall & Mdletshe crèche.
24/01/2019	09	Mhlumba school	Handover of Mapheka halls, Delivery of 2018/2019 Budget and IDP. Turning of sod for Mxheleni road, construction of Ezintandaneni & Gujini creches and renovation of Somveli hall.
07/02/2019	10	Fabeni sport field	Handover of Mqumbukazi and Nogawu halls, Delivery of 2018/2019 Budget and IDP. Turning of sod for construction of Dungamanzi & Ndondwane halls
21/02/2019	11	Esiphongweni hall	Handover of Savutshana and Mbonje community halls, Delivery of 2018/2019 Budget and IDP Turning of sod for construction of Othulinilwezulu hall (steel hall).
07/03/2019	12	Alva primary	Handover of two roomed houses for Mngoma and Gwala families, Winnie Mabaso crèche, Delivery of 2018/2019 Budget and IDP. Turning of sod for construction of Ntombikayise hall (steel hall) and classrooms at Alva school
14/03/2019	13	Kubuyakwezwe school	Handover of Esinqumeni & Simanyama halls and Esidumbeni road, Delivery of 2018/2019 Budget and IDP. Turning of sod for construction of Makhandeni & Mkhuphula halls.
28/03/2019	14	Mpophoma crèche	Handover of Gqohi and Nyandu community halls, Delivery of 2018/2019 Budget and IDP. Turning of sod for Tiba, Sovivi & Dutsheni roads, construction of Dayiswayo crèche and Mpophoma hall.
04/04/2019	15	Mafusini hall	Handover of Othame, Nkuluka halls, Chachacha/ Ntshamane road, Delivery of 2018/2019 Budget and IDP. Turning of sod for construction of Nocomboshe hall, two roomed houses (Ngubane & Buyelaphi families).
11/04/2019	16	Bunyebethu school	Handover of six toilets for community halls, fencing of Nkomisuthi & Hlahlakazi fields, Delivery of 2018/2019 Budget and IDP Turning of sod for construction of Mabedlana hall, fencing of Mngeni, Ngubukazi & Gqohi fields two roomed house and renovation of Swelihle creche.
18/04/2019	17	Nkosinathi hall	Handover of Simangaliso and Nkosinathi community halls, Msalvana access road, Delivery of 2018/2019 Budget and IDP. Turning of sod for construction of Sifisamandla crèche, Thulamnyaba hall and Zamokuhle classroom.

DATE	WARD	VENUE	ACTIVITY/ FUNCTION TO BE CONDUCTED
25/04/2019	18	Qiniso school	Handover of two classrooms at Lelele and Ntabampisi schools, Delivery of 2018/2019 Budget and IDP. Turning of sod for two roomed houses (Qwabe & Khoza families)

LIST OF ANNEXURES

a) **ANNUAL PERFORMANCE REPORT & SCM ASSESSMENT OF SERVICE PROVIDERS**
b) **ORGANOGRAM**
c) **ANNUAL FINANCIAL STATEMENTS**
d) **SCHEDULE SITTINGS OF COUNCIL, EXECUTIVE AND SUB-COMMITTEES**
e) **AUDIT GENERAL REPORT**